NTPC - SAIL Power Company Limited

19th Annual Report 2017-2018

CONTENTS

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Shri Saptarshi Roy

Shri Tej Veer Singh

Shri Sudhir Arya

Shri S.S.Isser

Shri M.C.Jain

Shri A.K.Mathur

Shri Ram Gopal

Ms. Alka Saigal

Shri P.K. Bondriya(CEO)

Shri Niranjan Ghosh (CFO)

SENIOR OFFICIALS

Shri P.K.Bondriya	**Shri N.Ghosh**	**Shri B.Ghosh**	**Shri G.K.Moorthy**
Chief Executive Officer	Chief Finance Officer	GM (Engg)	GM (CA & IT)
Shri V.K.Dassani	**Shri G.C.Surdeo**	**Shri Tridib Deb**	**Ms. Umang Vats**
GM(C&M)	GM (HR)	AGM (OS)	Company Secretary

PROJECTS

Bhilai	**Rourkela**	**Durgapur**
Shri Debasish Chattopadhyay	**Shri Banibrata Basu**	**Shri Ramesh Babu V**

Regd.Office

NTPC-SAIL Power Company Limited, 4th Floor, NBCC Tower, 15 Bhikaiji Cama Place
New Delhi-110066 Tel: 26717379 to 26717382 CIN: U74899DL1999PLC098274

Statutory Auditors

M/s Amit Ray & Co., Chartered Accountants, 709-710,Ansal Chamber-II
6, Bhikaiji Cama Place, New Delhi-110066

Site Address

1) CPP-II, Rourkela Steel Plant, Rourkela-769011(Odisha)
2) CPP-II Durgapur-Steel Plant, Durgapur-713205(West Bangal)
3) NSPCL-Bhilai Unit, Near Purena Village,Bhilai(East), Distt-Durg, Chattisgarh-490021

BANKERS/FINANCIAL INSTITUTIONS

1. Rural Electrification Corporation Limited
2. HDFC Bank Ltd.
3. Union Bank of India
4. Central Bank of India
5. Bank of India
6. Dena Bank
7. State Bank of India
8. Kotak Mahindra Bank Ltd.
9. Vijaya Bank
10. Yes Bank Ltd.
11. IndusInd Bank Ltd.
12. ICICI Bank Ltd.
13. Axis Bank

Depositories:

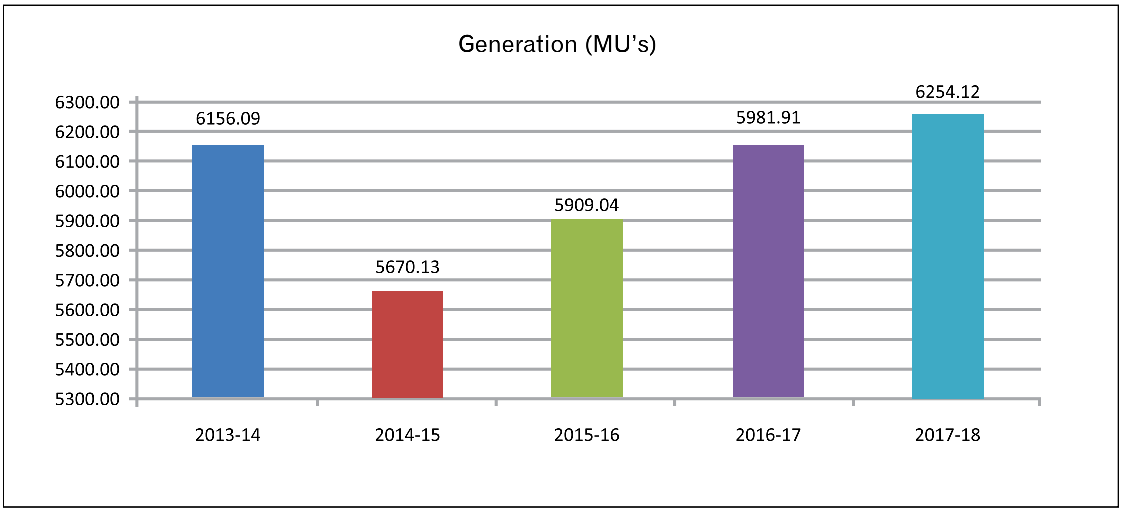
1. National Securities Depository Ltd.
Trade World,4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai-400 013

2. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street,
Mumbai-400 023

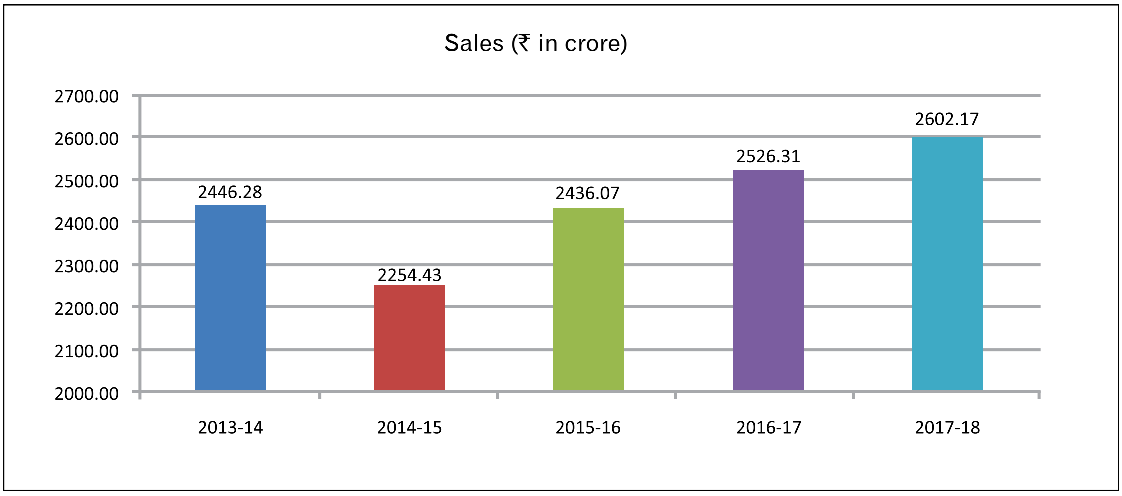
Registrar & Share Transfer Agent:
MCS Share Transfer Agent Limited
F-65, 1st Floor, Phase-I,
Okhla Industrial Area, Phase-I
New Delhi-110020
Ph: +91 11 41406148
Facsimile: +91 11 41709881
Contact Person: Mr. Amar Jit
E-mail: admin@mcsregistrars.com
SEBI Registration Number:
INR000004108

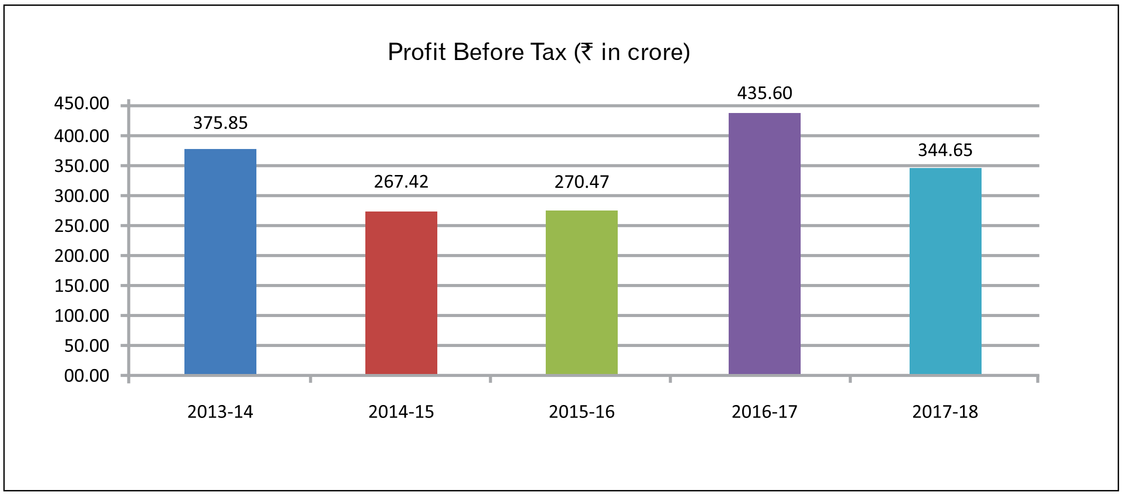
Trustee for the Bondholders :
Catalyst Trusteeship Limited
Office No. 83 - 87, 8th Floor, B' Wing,
Mittal Tower, Nariman Point, Mumbai - 400021.
Ph:+91 224922 0555
Facsimile:+91 22 49220505
Contact Person: Mr. Umesh Salvi
E-mail: umesh.salvi@ctltrustee.com
SEBI Registration Number:
IND000000034

OPERATIONAL PERFORMANCE - NSPCL

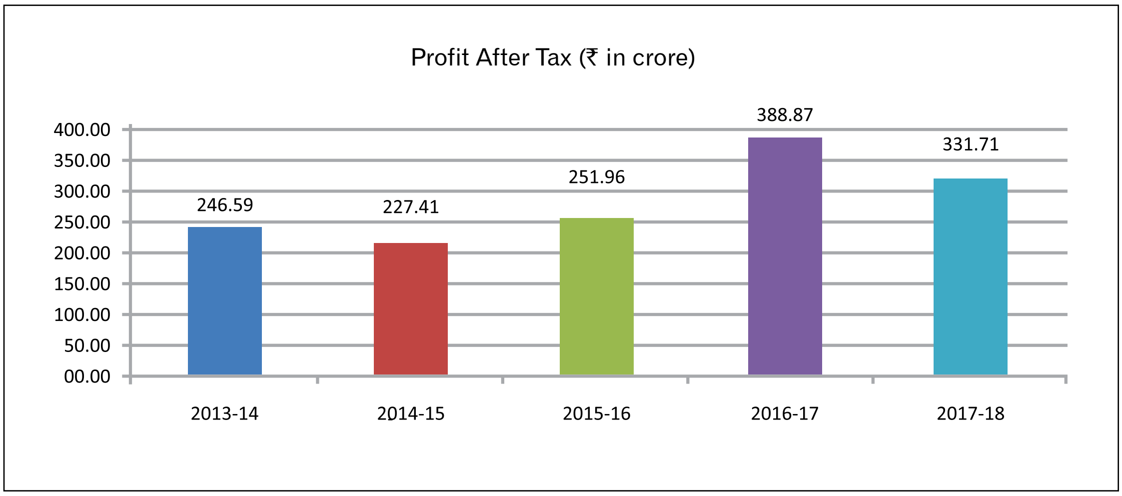


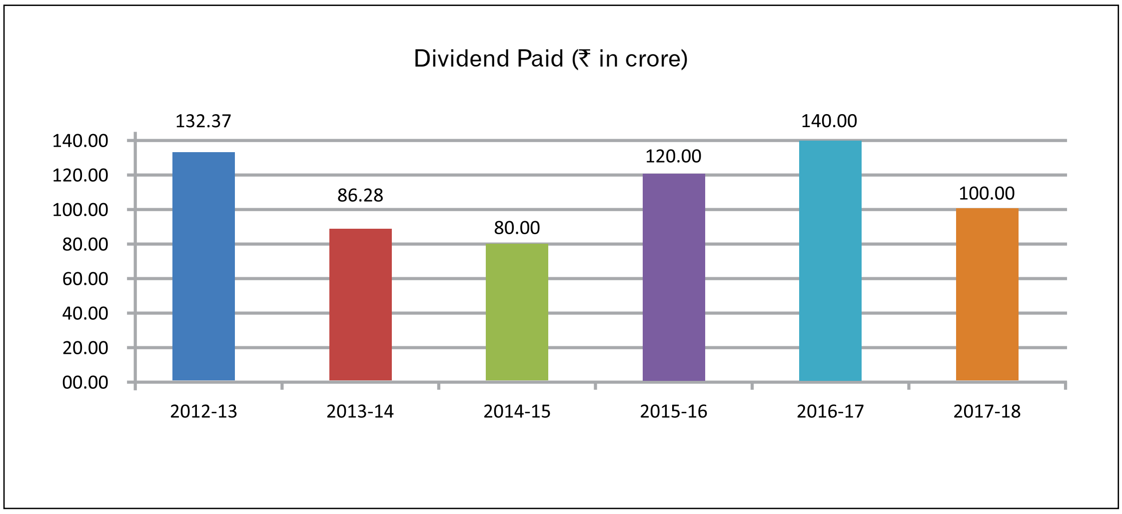
FINANCIAL PERFORMANCE - NSPCL





FINANCIAL PERFORMANCE - NSPCL





CREDIT RATING AGENCIES FOR BOND

1. Credit Analysis & Research Limited
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi,
Delhi-110055, India
Tel No: (+91) 11 45333201
Fax: (+91) 11 45333238
Website: www.careratings.com

2. India Ratings & Research Private Limited
601-9, Prakashdeep Building,
7, Tolstoy Marg, New Delhi,
Delhi-110001, India
Tel No: (+91) 11 43567283
Fax: (+91) 11 43567231
Website: www.indiaratings.co.in

TERM LOAN RATING AGENCY

CRISIL Limited
Central Avenue
Hiranandani Business Park,
Powai, Mumbai - 400076, India
Ph - +91-22-33423000
Fax - +91-22-334230001
Website - www.crisil.com

SELECTED FINANCIAL INFORMATION

Financial Figures ₹ in crore

		2017-18 #	2016-17 #	2015-16 #	2014-15 ^	2013-14
A.	**Revenue**					
	Revenue from operations	2,602.17	2,526.31	2,436.07	2,254.43	2,446.28
	Other Income	42.28	104.09	77.03	71.50	44.11
	Total Revenue	**2,644.45**	**2,630.40**	**2,513.09**	**2,325.94**	**2,490.39**
B.	**Expenses**					
	Fuel	1,430.01	1,307.41	1,356.64	1,364.83	1,449.73
	Employees Remuneration & Benefits	182.09	163.52	145.90	134.84	140.67
	Generation, Administration & Other Expenses	496.14	500.16	494.93	253.56	235.90
	Prior Period Items (net)	-	-	-	4.09	1.70
	Total	**2,108.23**	**1,971.09**	**1,997.47**	**1,757.32**	**1,828.00**
	Profit before depreciation, finance cost and tax	**536.23**	**659.32**	**515.62**	**568.62**	**662.39**
	Depreciation, Amortization and Impairment Expense	150.38	147.20	139.72	177.64	168.70
	Profit before finance cost and tax	**385.85**	**512.12**	**375.90**	**390.98**	**493.69**
	Finance Cost	41.19	76.52	105.43	123.57	117.84
	Profit Before Tax	**344.65**	**435.60**	**270.47**	**267.42**	**375.85**
	Total Tax expense	12.94	46.73	18.52	40.00	129.26
	Profit for the year	**331.71**	**388.87**	**251.96**	**227.41**	**246.59**
	Other comprehensive income /(expense) for the year	**(0.69)**	**(2.08)**	**(0.01)**	**-**	**-**
	Total Comprehensive Income	**331.03**	**386.78**	**251.95**		
	Dividend	100.00	140.00	120.00	80.00	86.28
	Dividend Tax	20.36	28.5	24.43	16.00	14.66
	Retained Profit	**211.35**	**220.37**	**107.53**	**131.42**	**145.64**
C.	**Assets**					
	Property, plant & equipment	1555.61	1686.08	1812.31	1929.61	2261.64
	Finance Lease Recoverable	292.92	278.46	242.23	239.18	-
	Intangible Asset	1.05	3.73	5.76	8.65	-
	Net Block	**1849.58**	**1968.27**	**2060.31**	**2177.44**	**2261.64**
	Capital Work-in- Progress & Intangible assets under development	903.40	220.37	90.17	35.47	0.57
	Financial Asset, Inventory & Other Current, Non-Current Asset	843.82	939.64	793.47	938.01	1097.33
	Total Assets	**3596.80**	**3128.27**	**2943.95**	**3150.92**	**3359.54**
D.	**Liabilities**					
	Long Term Loans	882.04	771.24	751.24	931.74	1088.90
	Other Liabilities & Provisions	503.75	289.99	256.22	388.16	411.08
	Total Liabilities	**1385.79**	**1061.23**	**1007.46**	**1319.90**	**1499.98**
	Deferred Tax Liabilities (Net)	26.80	93.53	181.26	379.70	380.80
E.	**Net Worth**					
	Share Capital	980.50	980.50	980.50	980.50	980.50
	Reserves & Surplus	1203.71	993.01	774.73	667.27	554.49
	Net Worth	**2184.21**	**1973.51**	**1755.23**	**1647.77**	**1534.99**

Financial Figures ₹ in crore

		2017-18 #	2016-17 #	2015-16 #	2014-15 ^	2013-14
F.	**Capital Employed**	**3066.25**	**2744.75**	**2506.47**	**2579.52**	**2623.89**
G.	**No. of Shares**	**980500100**	**980500100**	**980500100**	**980500100**	**980500100**
H.	**No. of Employees**	**802**	**822**	**845**	**798**	**818**
I.	**Ratios**					
	Return on Capital Employed (%)	11.24	15.87	10.79	10.37	14.32
	Return on Net Worth (%)	15.19	19.70	14.35	13.80	16.06
	Earning Per Share (₹)	3.38	3.97	2.57	2.32	2.51
	Current Ratio	1.68	3.24	3.10	2.42	2.67
	Book value per share (₹)	22.28	20.13	17.90	16.81	15.66
	Dividend payout including Tax on dividend (%)	12.28	17.19	14.73	9.79	10.30
	Debt to Equity	0.40	0.39	0.43	0.57	0.71

Balance Sheet & P&L figures for FY 2015-16, 2016-17 & 2017-18 are as per Ind AS and for FY 2013-14 as per previous GAAP.
^ For FY 2014-15 Balance-Sheet figures are as per Ind AS while P&L figures are as per previous GAAP.

Details at Bonds Issued

To finance expansion schemes of NSPCL has made issue of Bonds on Private Placement basis during the year.The issue made by NSPCL have been very well received by the institutions and was fully subscribed.

ISIN No.	Issue (PrivatePlacement)	Year	Amount (₹/Crore)	Interest Rate (% p.a)	Periodicity	Repayment
INE115D07019	7.72% SECURED REDEEMABLE NON CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES. SERIES 1/2017.	2017	500	7.72	Yearly	DATE OF MATURITY 11/07/2022

Interest Payments

Interest Payments have been/would be released to the Bondholders / Beneficial Owners on the due dates of interest payment through Cheques, Demand Drafts, Electronic Fund Transfer, as the case may be. In case of non-receipt of interest payment by due date, investor may contact Bond Section over phone or through e-mail. Interest payments are subject to holiday conventions mentioned in the respective offer documents

Dematerialisation

All Running (Live) Series of Domestic Bonds have been admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). International Security Identification Numbers (ISINs) and Security description for each Series are available at web-sites of NSDL and CDSLviz., http://www.nsdl.co.in/ and http://www.cdslindia.com/ respectively.

Registrar & Transfer Agents

The Company has appointed Registrar & Transfer Agents for Bond issuance, who may be contacted by the Bondholders. For details refer above.

Debenture Trustees

Debenture Trustees for Bond issuance, they may be contacted by the Bondholders. For details refer above. Compliance Reports of Bonds sent to Trustees.

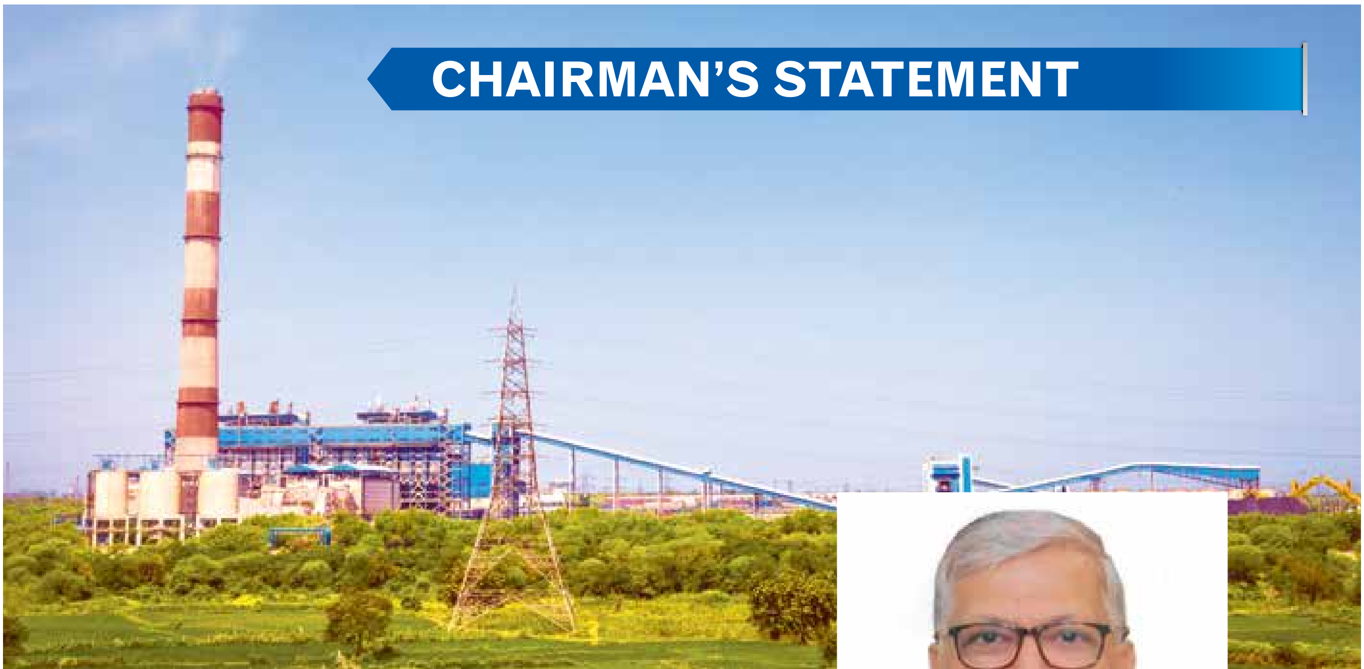
Common Information For Domestic Bondholders

Exemption from Tax Deduction at Source Under the provisions of Income Tax Act, 1961, tax is required to be deducted at source, if the interest credited/paid or likely to be credited/paid during the financial year exceeds: Rs. 2,500/- in case of Interest on Bonds and However, no deduction at source will be made if relevant Exemption Forms (as mentioned below) in case of Interest on Domestic Bonds and Interest on Deposits are separately received by the specified dates:

Domestic Bonds

No deduction at source shall be made if the Exemption Forms, as required under the Income Tax Act 1961, are received by the Company at least 30 days before the due date of payment of interest. Details of relevant forms are as under:Submission of Form 15G or Form 15H(for senior citizens) in duplicate

CHAIRMAN'S STATEMENT



Dear Shareholders,

I feel privileged to welcome you all to this 19th Annual General Meeting of your Company. I am delighted to share with you the performance of your Company and present the 19th Annual Report of the Company for the year 2017-18.

The year 2017-18 has seen excellent performance by NSPCL in terms of both current business operations and project execution for future growth.

I am happy to inform you that significant progress has been achieved in the construction of both Rourkela PP-II Expansion Project (1x250 MW) and Durgapur PP-III (2x20 MW). Best efforts are being put for commissioning these units at the earliest in 2019-20 which will lead to increase in NSPCL's capacity, by about 36%.

Operational Highlights

CPP-IIs at Bhilai (74 MW), Durgapur (120 MW) and Rourkela (120 MW) with a total capacity of 314 MW, have operated at an availability factor of 93.10% and generated 2377 MUs in 2017-18. Bhilai PP-III (2x250 MW) had operated with a DC of 95.18% and generated 3877 MUs in 2017-18. Plant load factor of Bhilai PP-III improved by over 5% in 2017-18 i.e. from 83.36% in 2016-17 to 88.52% in 2017-18. Bhilai PP-III stood 9th in the country in terms of 'All India PLF ranking' carried out by CEA. This was achieved in spite of about 289 MUs (6.6%) loss due to low schedule from grid. During 2017-18, NSPCL achieved a total Generation of 6254 MUs compared to 5982 MUs in 2016-17.

NSPCL had received about 2.15 MMT coal from SECL in 2017-18 for Bhilai PP-III which is around 89.22% of ACQ and about 0.1 MMT was procured through other sources (SCCL) in MOU route.

Various best ever operational parameters have been achieved in 2017-18 due to quest for excellence practiced by all employees of your Company. Bhilai PP-III and Durgapur CPP-II achieved lowest ever specific water consumption of 2.68 m^3/MWhr and 3.75 m^3/MWhr respectively, in FY 17-18. TG-3 of Bhilai PP-II recorded best ever continuous running of 373 days in 2017-18.

The Company had earlier taken various proactive steps to ensure high equipment availability as well as to improve plant efficiency. Zero Boiler-Forced-Outage in Bhilai PP-II in 2017-18 is a result of the high standards of O&M practices of your Company. Safety parks were established in all the four stations of NSPCL during the year 2017-18.

Financial Performance

Your Company recorded a total income of ₹ 2644.45 Crs. during 2017-18 against ₹ 2630.40 Crs. in 2016-17. The Profit After Tax (PAT) for the year 2017-18 was ₹ 331.71 Crs. against ₹ 388.87 Crs. in 2016-17 which included ₹ 115.45 Crs towards one-time items (arrear recovery due to CERC order and MAT credit write back) Excellent operational performance by various power plants of NSPCL has made this possible.

A total dividend of ₹ 100 Crs. was paid to the promoters in 2017-18 and this is 10.2% of equity capital. Over the years, ₹ 1010 Crs. have been paid to the promoters by NSPCL through dividends till date and this is about 103.24% of paid up capital of the Company.

NSPCL's track record of 100% realisation of energy bills was maintained in 2017-18. CERC vide tariff order dated 02.08.16 for the period 2014-19 has determined the tariff of Bhilai PP-III. Your Company has also taken the initiative of trading Energy Saving Certificates from its Bhilai PP-III generating a revenue of ₹ 1.33 Crs.

NSPCL has mobilised ₹ 500 Crs by issuing secured, non-cumulative, nonconvertible, redeemable, fully paid up, taxable debentures repayable after the expiry of five years at a coupon rate of 7.72% on 7th July, 2017. With the issue of Bonds, the Company got listed on Bombay Stock Exchange.

I am delighted to inform you that NSPCL has once again obtained 'NIL' comments from CAG after completion of statutory CAG audit for 2017-18 accounts.

Growth Momentum

2017-18 has been a year of action for construction of two coal based projects of 290 MW capacity i.e. Rourkela PP-II Expansion (250 MW) and Durgapur PP-III (40 MW) which are presently in active execution phase.

Boiler erection for Rourkela Power Plant II Expansion (1x250 MW) was started on 30.03.2017 and Boiler Drum was lifted on 04.11.2017. Boiler hydro test was carried out on 08.09.18. TG deck casted on 25.02.18 and Turbine erection is targeted to start in Oct'18. Work for the project is in full swing and the unit is scheduled for commissioning in 2019-20.

Boiler erection for Durgapur PP-III (2x20 MW) Project started on 31.10.2017 for U#1 and on 27.11.17 for Unit #2. Boiler drums for both the units were lifted in Mar'18 and April '18 respectively. Work is in progress in Air Cooled Condenser, ESP, CHP and Turbine building etc. The project is targeted for completion in 2019-20.

Corporate Plan 2025

NSPCL Corporate Plan 2025 document has been approved by NSPCL Board in July'17. As per the above Corporate Plan 2025, NSPCL's cumulative capacity is targeted to be 2330 MW.

Environment Management

Sustainable growth has always been one of the pillars of NSPCL's growth structure. Climate concern is the central issue that strongly influence strategic decisions in your Company. Several pro-active measures have been taken for SPM, SOx & NOx mitigation for environment friendly, emission free sustainable development. Dry Ash collection systems at Bhilai, Rourkela & Durgapur are under operation. ESP up-gradation was completed in Rourkela, completed for U#2 at Durgapur & targeted for implementation in U#1 in 2018 and is in award stage for Bhilai PP-II. To reduce emission of SOx, Flue Gas Desulphurisation (FGD) system is being implemented through NTPC in all NSPCL stations except Durgapur PP-III where it is integral part of EPC package. With special thrust on Ash Utilisation, more than 100% ash utilisation was achieved in NSPCL in 2017-18.

Your Company is fully committed to ensure and provide safe and healthy work environment. Special attention is being given to adherence to safety practices in construction projects. Near miss accidents are also being reported and analysed so as to take timely preventive measures. Regular safety audits are being held in all projects.

During the current year, your Company has decided to take the initiative of going 'Paperless' and various measures are being initiated in this regard.

Employee Development

The power to drive the Company forward lies with the employees of NSPCL. Development of employees is one of the most important factors for the growth of the organization as our people are the most valuable resource and asset of the Company. Your Company continues to put focus on four HR Building blocks viz. Competency Building, Commitment Building, Culture Building and System Building.

Lot of thrust has been put on employee development by providing training, competency mapping & individual development plans and succession planning. Further, leadership development programmes are organised both for senior & junior management in association with reputed Management Institutes.

With a view to optimise its manpower, your Company has taken the initiative of implementing shared services in HR, Contracts and Finance areas and these are targeted for implementation in 2018.

Corporate Social Responsibility

Your Company achieved CSR expenditure of ₹ 7.73 Crs. in 2017-18 with 119% budget utilisation. Focus areas of NSPCL's CSR and Sustainable Development activities are women empowerment, education to underprivileged children, skill development of rural youth, preventive health care, family welfare, sanitation, promotion of art and culture and social infrastructure projects contributing to holistic development of stake-holders CSR Sub-Committee of NSPCL Board oversees implementation of CSR activities in line with the approved CSR policy. Further, CSR efficacy survey was also carried out at all locations to assess benefits to the targeted groups and gap analysis for further improvement.

Corporate Governance

Your Company always strives to maintain highest standards of Corporate Governance in business activities. Integrity and transparency are two corner stones of our Corporate Governance Philosophy. In line with CVC guideline, high value contracts are monitored by Independent External Monitor in your Company. Further as a listed Company, NSPCL has been complying with the requirements of Corporate Governance under regulations of SEBI. Various policies namely "NSPCL Safety Policy", 'NSPCL Ash Utilization Policy' and 'NSPCL Environment Policy, Enterprise Risk Management, Banning of Business Dealings, e-Waste management, handling & disposal, IT Security Policy etc. are in place and under implementation. Your Company has also adopted Whistle Blower Policy for reporting the instances of unethical/ improper conduct.

Awards and Accolades

I am happy to share with you that in recognition of its various activities, your Company has been conferred with the following awards during 2017-18:-

- NSPCL has been certified as "Great Place to Work" by the Great Place to Work Institute.
- NSPCL Rourkela received SAIL-RSP's Annual Performance Award for outstanding work done for generation and distribution of power in an efficient way during 2017-18.
- NSPCL Rourkela received the prestigious Kalinga Safety Award (Bronze) for the performance year 2016 held at Bhubaneswar on November 10, 2017 from Shri S C Jamir, Hon'ble Governor of Odisha.
- NSPCL Bhilai team stood third at national level

competition at Power HR Forum during its national Level Business Simulation Games held on 27-28 Nov'17.

- NSPCL team bagged 2nd prize in "Q4E" (Quest for Excellence) Competition conducted by Power HR Forum on 29.09.2017.
- NSPCL Bhilai E-Varta awarded best-in-class in-house e-magazine in Joint Venture Category during NTPC 28th communication Meet.

Our Gratitude

Ladies and Gentleman, I, on behalf of the Board of Directors, would like to convey my deep gratitude to one and all, who have made the above achievements possible.

I am extremely thankful to our promoters NTPC and SAIL for their valuable support and guidance, our esteemed Customers namely SAIL, Chhattisgarh, DNH and DD for their trust and confidence, Financial Institutions, Banks, other Lenders and Investors who continue to provide valuable support in our growth journey and Vendors and their associates for being a part of our progress.I also express my sincere gratitude for the immense support and co-operation received from Ministry of Power, Ministry of Coal, and Ministry of Steel, Ministry of Environment and Forests, State Governments, Local State Administration and other agencies. I also would like to acknowledge the continuous support received from the Central Pollution Control Board, State Pollution Control Boards, Factory and Boiler Directorates, Central Electricity Regulatory Commission, Chhattisgarh SERC, Central Electricity Authority, Western Region Power Committee, Western Region Load Dispatch Centre. I also take this opportunity to thank Comptroller and Auditor General, Statutory Auditors and Cost Auditors of the Company for their astute observations and suggestions.

I acknowledge the passion and commitment of our employees, without whose efforts none of the achievements would have been possible. I also convey my thanks and appreciation to my esteemed colleagues on the Board for their unstinted support.

The path forward for NSPCL is challenging. I am confident that together, we shall overcome any challenges and continue to scale greater heights in business performance.

Thank you for your continued support.

Sd/-
(Saptarshi Roy)
Chairman
DIN: 03584600

Date: September 26, 2018
Place: New Delhi

Panoramic View Bhilai Expansion Project

DIRECTOR'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 19th Annual Report on the performance of your Company for the financial year ended March 31, 2018 along with audited Financial Statements, Auditors' Report and comments of the Comptroller and Auditor General of India for the year ended March 31, 2018.

1. CHANGE IN NATURE OF BUSINESS AND STATUS OF THE COMPANY

There has been no change in the nature of Business of your Company. Your Company has become a Public Company with effect from March 17, 2017 and is now known as NTPC-SAIL Power Company Limited.

2. FINANCIAL RESULTS

Your Company has prepared the financial statements 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.

As per Ind AS, if the supply of power from a plant is to a single customer for the life of the plant, such arrangement is in the nature of a finance lease and the same is required to be recognized in the books as a Finance Lease Recoverable (FLR) instead of fixed assets and the fixed assets are to be included in the books of Lessee. Such is the case with the PP-II assets of your Company, as the entire electricity & steam output of these assets is tied up to be sold to SAIL for the entire life of those assets. Accordingly, your Company has recognized such arrangement for PP-II assets as FLR and fixed assets have been accounted for by SAIL. Also, the free issue of coal by SAIL for PP II plants has been accounted for as turnover and fuel cost of your Company. In accordance with Ind AS the highlights of financials are given as under:

(₹ in crore)

Particulars	2017-18	2016-17
Total Income	2644.45	2630.40
Operating Expenditure	2108.23	1971.08
Finance Cost	41.19	76.52
Depreciation & Amortization Expenses	150.38	147.20
Profit before tax	344.65	435.60
Provision for Current Tax	39.31	57.31
Profit after Current Tax	305.34	378.29
Deferred Tax Asset	(26.37)	(10.58)
Profit After Tax	331.71	388.87
Other comprehensive income/ (loss)	(0.68)	(2.09)
Total comprehensive income	331.03	386.78

Your Company recorded a total income of ₹ 2644.45 crore during 2017-18 as against ₹ 2630.40 crore in the previous year, recording an increase of ₹ 14.05 crore. The total income in case of PP II for the current year is ₹ 1227.22 crore (previous year ₹ 1191.21 crore) representing an increase of ₹ 36.01 crore over the previous year. The increase is on account of increase in cost of free-issue of coal during the current year mainly due to increased Coal price. Further, the total income has also increased due to increase in electricity duty, billing on account of increased operating expenditure (net of income passed on) and increase in ROE & Incentive due to addition in gross block of assets.

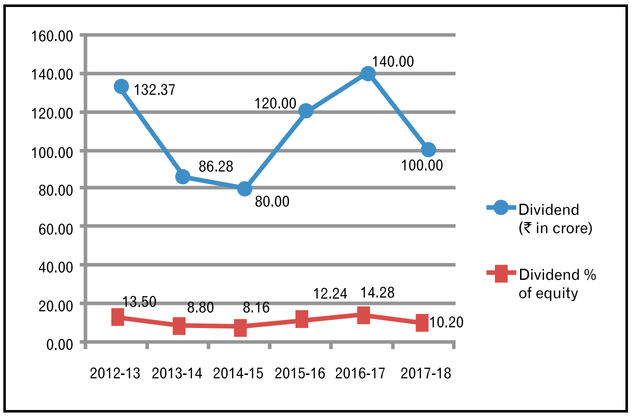
The total income in case of PP III for the year is ₹ 1417.23 crore as against ₹ 1439.19 crore of the previous year representing an decrease of ₹ 21.96 crore. While Sales has increased due to increased recovery of energy charges during the current year on account of increased coal price. The weighted average coal price for billing during the year has been increased to ₹ 2799 per tonne as compared to ₹ 2549 per tonne during corresponding previous year. Also, generation during the current year has increased by 6% from corresponding previous year. In the corresponding previous financial year, benefit of deduction of grade slippage from Coal India for past years had also been passed on to beneficiaries. However the other income has decreased as during the previous year, the Company has written back provision of MAT Credit of ₹ 47.14 crore consequent to amendment in finance act 2017, which allowed carry forward of MAT credit to 15 years as against 10 years allowed earlier.

The Profit After Tax (PAT) for the year is lower by ₹ 57.16 crore over the previous year. The decrease in profit during the year ended 31st March 2018 is on account of creation of provision of Deferred Tax billed to SAIL of ₹ 22.87 crore and decrease in other income as in the previous year provision for MAT credit was written back by ₹ 47.14 crore due to amendment in Finance Act 2017 which had allowed carry forward of MAT credit for 15 years instead of 10 years with effect from 01.04.2017, increase in sharing of benefit with customers by ₹ 8.72 crore. However the above reduction in profit is compensated by increase in ROE & Incentive of PP-II by ₹ 3.02 crore, increase in coal contribution in PP-III ₹ 15.73 crore.

Further in the Previous year, the Company earned onetime profit of ₹ 115.45 crore comprising ₹ 68.31 crore on account of arrear recovery/reversal of Provision due to CERC Order for 2014-19 & ₹ 47.14 Crore for writing back of MAT Credit provision.

3. DIVIDEND

Your Directors have recommended an interim dividend of ₹ 100.00 crore for the year which is 10.20 % of equity share capital. The interim dividend for the year 2017-18 has been paid to NTPC & SAIL in the current year. The total cash out flow on account of Dividend & tax thereon amounts to ₹ 120.36 crore. Your Directors believe that growth of the Company through capacity addition would lead to increase in shareholders' value. The detail of year wise dividend paid is as follows:



Interim dividend cheque being presented to Chairman, SAIL

Interim dividend cheque being presented to CMD, NTPC

4. TRANSFER TO RESERVES

As per section 123 of Companies Act, 2013; a Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company. Thus, transfer of profits to reserves before declaration of dividend is no longer mandatory. Your Company has not transferred any amount to general reserve in FY 17-18.

5. OPERATIONAL PERFORMANCE

During the financial year 2017-18, CPP-II units (314MW) of your Company have generated 2376.74 MU at a Plant Load Factor (PLF) of 86.41% with Availability Factor (AVF) 93.10%. The station-wise performance was as follows :

(1) Durgapur CPP-II (120MW) recorded 964.09 MU with a PLF of 91.71 % and AVF of 94.68%,

(2) Rourkela CPP-II (120MW) generated 1006.66 MU with a PLF of 95.76 % and AVF of 93.08% and

(3) Bhilai CPP-II generation was at 405.96 MU with a PLF of 62.63 % and AVF of 90.57 %. In addition, Bhilai CPP-II also supplied 5.84 lakh tons of saturated steam at 8 ata and 6.13 lakh tons of saturated steam at 18 ata to Bhilai steel plant. Total Steam export to BSP of 11.97 lakh tons this year.

Bhilai PP-III (2x250MW) generated 3877.38 MU on a PLF of 88.52 % with AVF 95.31 % and a declared capacity (DC) of 95.18 %.

Annual overhauling of the captive units at Durgapur, Rourkela (Capital overhaul, R&M of DCS & RAPH of unit 1) and Bhilai (Capital overhaul of TG 3) was carried out. Annual Overhauling was also carried out at Bhilai PP-III Unit 2. Rolling plan of overhauling of units has been drawn up. Residual life assessment study of ageing units is being taken up to maintain improved performance level including structural assessment of buildings and structures. ESP R&M work is under implementation in Durgapur. Further, R&M plans are in various stages of implementation. Efficiency studies have been taken up in units before and after overhauls. Technical audits have been conducted and various corrective actions are being implemented as per the recommendations. Best practices in Operation and Maintenance are adopted for sustained performance and continuous improvement of the Company.

6th O&M meet of NSPCL was organized on 16th March, 2018 which provided a common platform to share the challenges being faced, sharing of each other's experiences & initiatives taken by the power plant professionals from the NSPCL, NTPC, SAIL,DVC,ISGEC and BPSCL.

6.0 NEW CAPACITY ADDITION

Your Company has undertaken various projects for implementation to cater to SAIL's enhanced power requirement due to its increased production capacity, as detailed hereunder:-

6.1 ROURKELA PP-II EXPANSION (1X250 MW)

EPC package was awarded to M/s BHEL on May 11, 2016 after investment approval. Boiler erection was started on 30.03.17 and Boiler Drum was lifted on 04.11.2017. Boiler Hydro test completed on 08.09.2018. TG deck casting completed on 16.02.18. Turbine erection is targeted to start in October 2018. Chimney Shell casting completed in March'18 and platform structure erection is in process at various levels. Work for the project is in full swing and the Unit is targeted to be commissioned in 2019-20.

6.2 DURGAPUR PP-III (2X20 MW)

EPC package was awarded to M/s ISGEC on December 13, 2016 after investment approval. U#1 boiler erection was started on 31.10.17 and that of U#2 on 27.11.17. U#1 Boiler drum was lifted on 30.03.18 and that of U#2 on 25.04.18. ESP structural erection is in process in both the units. TG building foundation work is in process and TG deck raft foundations casted in both the units. Regarding Air Cooled Condenser (ACC), structural erection is in process in U#1 and plinth beam casting completed in U#2. Work for the project is in full swing and commissioning is targeted in 2019-20.

6.3 SOLAR PV POWER PROJECT (200 MWp)

In line with mandate received from SAIL to set up 200 MW Solar PV Projects to meet their Renewable Power Obligation, your Company had taken up various solar power projects:

After receipt of Techno commercial Bids for Durgapur Solar PV Power Project (20 MWp) and their evaluation, price bids opened and reverse auction was done on 12.01.18. Investment approval for the project was approved subject to signing of PPA, Loan agreement and right to use/land transfer

agreement. In case of Bhilai Solar PV Power Project (7MWp) and Kulti Solar PV Power Project (25 MWp), tendering was done for EPC package and Techno-commercial bids received and evaluation completed. Further, FR and draft Due Diligence for Rourkela Solar PV Power Project (40 MWp) were approved in March' 2018. Based on SAIL's communication dated 29.03.18 requesting NSPCL not to pursue the proposal for Salem Solar Power Plant, EPC tender for the project was annulled on 30.03.18.

Meanwhile, SAIL vide letter dated 19.07.18 has conveyed that matter of installation of Solar Power Plants at various SAIL locations was deliberated within SAIL and it was concluded that it would be beneficial if the Solar Projects are implemented directly by SAIL. SAIL requested NSPCL not to pursue further activities related to setting up of Solar Projects at various locations of SAIL. Keeping above in view, decision has been taken to annul the present tenders of EPC contracts and close solar project activities.

6.4 OTHER PROJECTS

In addition to the above, your Company is pursuing other projects including PP-IV expansion project at Bhilai.

7.0 R&M AND CAPITAL SCHEME

Various R&M and capital schemes have been undertaken for three PP-IIs. R&M of DDCMIS, Rotary air preheater and CHP firefighting system at Rourkela have been completed in 2017-18. ESP upgradation work of unit 2 Durgapur has also been completed and ESP upgradation of Unit 1 is targeted to be completed in 2018-19.

8.0 ENVIRONMENTAL PROJECTS

Your Company is committed to maintain safe environmental conditions in the Plants as per statutory requirements as per new MoEF norms for Suspended Particulate Matter (SPM), Sulphur dioxide (SO_2), Oxides of Nitrogen (NOx), Mercury emission and Water consumption limit for thermal power plants. Your Company has initiated actions to optimize specific raw water consumption through steps like increase in ash water recirculation, maintaining cycle of concentration (COC), VFD in ash slurry pumps etc. In Durgapur and Rourkela, water balance study was carried out through National Productivity Council (NPC) during the year with a view to optimize specific raw water consumption as per new environment norms.

Major up-gradation of ESP has been completed in Rourkela and similar work is under implementation at Durgapur. ESP upgradation of Bhilai PP-II Units (74 MW) is under tendering and shall be awarded shortly. With above up-gradations, the old CPP-II Units shall be compliant to new SPM limits. Bhilai PP-III (2 X 250 MW) is already compliant to new SPM limits. Rourkela PP-II Expansion (1 X 250 MW) , Durgapur PP-III (2 X 20 MW) which are under construction are designed to be compliant to new SPM limit.

Further, your Company has already taken decision for installation of De-SOx and De-NOx systems for CPP-II Units of NSPCL, Bhilai PP-III and Rourkela PP-II Expansion through NTPC and necessary intimations has been forwarded to NTPC. NTPC is in the process of finalisation of specifications and NIT. Durgapur PP-III is already designed to be compliant to new limts for SOx and NOx.

Your Company is committed to maintain safe environmental condition in the plants as per statutory requirements. As per MoEF guidelines for raw water consumption for thermal power plants, actions have been initiated to optimize specific raw water consumption at your Company through steps like increase in ash water recirculation, increasing cycle of concentration (COC), VFD in ash slurry pumps etc.

9. COMMERCIAL PERFORMANCE

Your Company has realised 100% payment of current energy bills during FY 2017-18. During FY 2017-18, energy billing of ₹ 1800 crores has been done consisting of ₹ 1384 crore for supply of power from Bhilai Expansion Power Plant (2x250 MW) to its various beneficiaries and ₹ 416 crore for supply of power from CPP-IIs (314 MW) at Durgapur, Rourkela and Bhilai.

Bhilai Expansion Power Plant (2x250 MW) is an interstate power plant and tariff of this plant is approved by CERC as per the extant Tariff Regulation.

All the beneficiaries of Bhilai -III (2x250MW) viz. Bhilai Steel Plant/SAIL, Chhattisgarh State Power Distribution Company Limited (CSPDCL), UT of Daman and Diu and DNH Power Distribution Corporation Limited are maintaining letters of credit (LCs) as per requirement of PPA signed with them. Power from Bhilai Expansion Power Plant (2x250 MW) is also supplied to other Units of SAIL namely Rourkela Steel Plant (RSP), Salem Steel Plant (SSP) and Chandrapur Ferro-Alloy Plant (CFP).

Your Company has earned 29244 Energy Saving Certificates during PAT-I cycle out of which it has traded 20473 nos. of Energy Saving Certificates at Indian Energy Exchange (IEX) from its Bhilai Expansion Plant (2x250 MW) in FY 17-18 generating a revenue of ₹ 1.33 Crore.

100% realization of the energy bills has been achieved for the bills raised for energy supplied during 2017-18. However, during 2013-14, ₹ 8.90 Crore remained outstanding due to a dispute raised by DNHPDCL for the supply under Tenth Supplementary PPA dated December 12, 2012 entered into between your Company and DNHPDCL for 25 MW capacity wherein it was agreed that availing MTOA shall be the responsibility of DNHPDCL. CERC vide Order dated February 3, 2014 dismissed the Petition filed by DNHPDCL. Subsequently, DNHPDCL appealed against CERC order at APTEL wherein vide judgment dated 04.01.2018 APTEL remanded the matter back to CERC to consider DNHPDCL's rejoinder. Accordingly, hearing was held at CERC on 14.03.2018 wherein after arguments, order has been reserved.

10. CUSTOMER RELATIONSHIP

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

11. FUEL SUPPLY FOR BHILAI PLANT (2X250MW)

Your Company signed a Long Term Coal supply Agreement for 2.408 MMTPA with South Eastern Coalfields Limited (SECL) in 2013-14 for meeting a major part of its coal requirement. To meet the balance coal quantity, a yearly MOU for 0.5 MMT has been signed with the Singareni Collieries Company Limited (SCCL). During the year, FSA coal realization from SECL was more than 89 %. Fresh MOU has been signed for FY 2018-19 with SCCL for 0.5 MMT. For CPP-II Units at Durgapur, Rourkela and Bhilai, SAIL has been supplying coal after procurement from mines.

12. CERC REGULATIONS

Central Electricity Regulatory Commission Reserves Regulation Ancillary Service (RRAS) Regulations 2015 has come into force during FY 16-17 and your Company being RRAS provider has generated 55.90 MUs corresponding to RRAS Up generation during FY 2017-18.

CERC has also issued fifth amendment in Indian Electricity Grid Code (IEGC) 2010 thereby incorporating mechanisms such as technical minimum, Reserve Shutdown (RSD), compensation on account of partial loading and RSD, spinning reserves etc. Since Bhilai Expansion Plant (2x250 MW) of your Company is under regulated tariff of CERC, the compliance of all regulations are being ensured.

13. ENVIRONMENTAL MANAGEMENT AND SAFETY

Your Company has been taking various proactive measures for improvement in the areas of Environment Management. Your Company's Environment policy is in place. Environmental impact mitigation at the Plants has improved substantially. Necessary corrective actions are being taken at the time of overhauling of the Units to keep the emission levels within permissible limits. Ambient Air Quality Monitoring System (AAQMS) along with meteorological data monitor have been commissioned in Bhilai PP III, Durgapur and Rourkela. Continuous Emission Monitoring Systems (CEMS) and Effluent Quality Monitoring System (EQMS) have been commissioned in all the plants of your Company. The data required by State/Central Pollution Control Board is also being made available online to them for their monitoring. In order to comply with new environmental norms, ESP upgradation works have been completed in Rourkela CPP-II, under progress in Durgapur CPP-II and to be awarded shortly for Bhilai PP-II. In Durgapur CPP-II, ESP up gradation works of Unit 2 completed and is in service and Unit 1 is under progress and expected to be completed in 2018. Decision has been taken for implementation of De-SOx and De-NOx systems for CPP-II Units, Bhilai PP-III and Rourkela PP-II Expansion through NTPC. Durgapur PP-III is compliant to new environment norms by design.

Your Company is fully committed to ensure and provide safe and healthy work environment to comply with applicable regulations and statutory requirements and it has already formulated and approved safety policy for implementation. Regular plant inspections, internal and external safety audits are being carried out to identify unsafe conditions and practices, if any, and corrective measures are taken wherever necessary. Your Company has also taken measures to continuously improve the systems and procedures, provide training and arrange awareness program for all concerned. Safety awareness programs are also being held periodically.

13.1 RISK MANAGEMENT AND INSURANCE

Your Company's Stations are adequately insured under wider Mega Risk Package Insurance Policy covering all risks viz. Fire Insurance including Storm, Tempest, Flood, Inundation (STFI), Riot, Strike, Malicious and Terrorist Damages (RSMTD) and Earthquake. All major equipments like SG,TG, Generators etc. are duly covered under Machinery Breakdown Policy (MBD) along with host of Extensions and add-on covers.

13.2 ASH UTILIZATION

During financial year 2017-18, over ₹ 17.99 lakh tons of ash has been utilized for various productive purposes. Major utilization was in the areas of ash dyke raising, land development, cement manufacturing, ash brick manufacturing, highway embankment etc. Dry ash evacuation systems are in operation in units to optimize ash utilization. Plant wise ash utilization figures are as follows:

Plant	Utilization %
Durgapur (2 x 60 MW)	74.97
Rourkela (2 x 60 MW)	104.45
Bhilai PP2 (2 x 30 MW) + (1 x 14 MW)	144.40
Bhilai PP3 (2 x 250 MW)	106.12
NSPCL (814 MW)	103.49

Your Company has in place a comprehensive Ash Utilization Policy to further streamline the process of ash utilization.

13.3 TREE PLANTATION

Your Company has planted more than 45,200 trees during the year (the cumulative number is 4.38 lakh trees) around its projects as a measure to take massive afforestation, which is protecting the ecology and environment.

14. CORPORATE PLAN

Final NSPCL Corporate Plan 2025 has been approved by the Board on June 20, 2017 and action is being taken to achieve the identified targets.

15. RIGHT TO INFORMATION

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has put RTI manual on the website for access to all citizens of India and has designated a Central Public Information Officer (CPIO), an Appellant Authority and APIOs at all our Units.

During 2017-18, all the applications received under the RTI Act, were replied to under the provisions of RTI Act, 2005.

16. HUMAN RESOURCE MANAGEMENT

The HR philosophy of your Company has always been to adopt a "People First" approach for achieving sustainable growth and meeting stakeholders' expectations. People, processes and practices, therefore, comprise the core of HR policy aligned with the business policy. Your Company has been consistently working on the four HR building blocks viz. Competency Building, Commitment Building, Culture Building and System Building.

Your Company has been certified as Great Place to Work for the year 2017-18 as it meets the criteria for certifying an organization for building a high-trust and high-performance culture in India.

Your Company believes in investing in human resources for achievement of organizational goals. Foreign Training policy has also been introduced in NSPCL with an objective to facilitate learning from the Global experts. Average six training man-days is provided for employees in each training calendar. Yours is a learning organization, wherein Intranet

is extensively used as a platform for knowledge sharing and information dissemination. In order to develop a culture of learning & continuous development, initiatives like Professional Circles, Quality Circles, Suggestion Schemes, Business Quizzes etc. are encouraged.

An internal Customer Survey in all Units and CC was carried out to measure the effectiveness of service functions.

Special focus is being given to succession planning and cadre development. Working towards this, your Company has tied up with IIM, Indore for Foundation course in General Management in which Executives from various levels were covered. Under the planned interventions, trainings have been provided to employees at all levels. Simulator training has been provided to Diploma holders and EETs to give them hands on experience of diverse work situations. Outbound training for non-executives and Executives has also been conducted by all Units to nurture team building. Your Company is focussing on continuous development of employees.

Several activities have been introduced for professional upgradation of Employees and to increase the interaction among employees of all Units and CC. Events like Inter-unit Quality circle meet, Professional Circle Meet, Business Quiz competition etc. have been successfully accomplished during 2017-18 also.

17.1 COMPANY CADRE BUILDING

Your Company has been focusing on building its own competent cadre by undertaking multilevel recruitment in Executive as well as Non-Executive categories across various disciplines. During 2017-18 Diploma Engineer Trainees in various disciplines, Lab Assistant Trainees and Jr Accounts Trainees were recruited.

Total strength of the Company was 841 as on 31.03.2018 out of which 660 employees are its own cadre which constitutes 78.48% of the total workforce and 181 employees are on secondment from NTPC.

17.2 EMPLOYEE WELFARE

Your Company believes in building familial relations with its employees and hence a lot of stress is given on enhancing Employee engagement.

Employees celebrate all the events, achievements, festivals etc. together. There are clubs at all the stations of your Company. Through these clubs various welfare programmes are conducted. No stone is left unturned in ensuring optimal employee engagement. Your Company is proud of its systems for providing a good quality of work-life for its employees through various cultural, recreational and health rejuvenating programmes organized round the year. In addition to providing beautiful and safe work places, your Company encourages a culture of mutual respect and trust amongst peers, superiors and subordinates. Numerous welfare and recreation facilities are provided at the townships to enhance quality of life & wellbeing of employees and their families.

17.3 TRAINING & DEVELOPMENT

Your Company has always strived to be a learning organization, and believes in the power of knowledge and considers training expenditure as an investment for increasing the productivity of the Employees. Training programmes are designed for the Employees on the basis of training needs analysis and competency gaps. With a view to develop the middle level managers to hold key positions in the future, Competency Mapping of E4-E5 level executives was carried out to develop IDP (Individual Development Plan) and accordingly, learning and development interventions were provided to the executives. Company has tied up with IIM, Indore for Foundation course in General Management in which executives from various levels were covered. Senior leadership development workshop on "Counselling and Feedback" for E7-E8 was organized at IIM, Lucknow. Various workshops on Leadership Development for executives in the cadre of E5 & E6 were organized. Simulator training for Diploma Holders were organized to familiarize them to the latest operational skills. A special focus has been placed on culture of "Safe Work", under which safety training to maximum employees as well as contract workers were provided. Your Company is organizing in house training programmes and external training programmes focusing on learning and development of its employees. The executives are also sent on External & Foreign Training programmes. During the FY 2017-18, eight Executives were nominated for Foreign Training. An amount of Rs. 18.11 lakhs was utilized for the foreign training purpose. Your Company also sponsored two Executives for pursuing PGDM (E), 2017-18 from NSB, Noida, thus supporting the objective of continuous learning and development.

17.4 EMPLOYEE RELATIONS

Regular interactions/communication meetings were held between the Management and employee groups and the meetings of all Bi-partite fora were held during the year. During the FY 2017-18, number of Union/Association Meetings (at Corporate Centre and Stations) held was 25 and number of Communication/Employee Interaction Meetings (Open forum by BUH) held was 6. Besides, all Statutory Council and Committee Meetings were held at Units. Free flow of ideas on relevant topics is ensured during such interactions, suggestions are invited and thereon policies are formulated by mutual participation thus ensuring ownership. Because of this ownership, implementation of new policies and process becomes easy. Partners in Progress programme is one such initiative that is held annually for ensuring open communication and generating conducive relations between the Management and the Unions and thus generating a win-win feeling for both.

18. CSR AND SUSTAINABLE DEVELOPMENT

A detailed report is placed at Annexure- I.

19. VIGILANCE

Your Company ensures transparency, objectivity and quality of decision making in its operations and to monitor the same, the Company has a Vigilance Department reporting to the Chief Vigilance Officer, NTPC.

IMPLEMENTATION OF VARIOUS POLICIES AND CIRCULARS

Fraud Prevention Policy and Whistle Blower Policy have been implemented in your Company to build and strengthen a culture of transparency. A uniform policy for banning of business dealings with the contractors/ vendors has been formulated and implemented.

TRANSPARENCY IN TENDERS

In order to promote Integrity, transparency, equity and competitiveness in Government/PSU transactions, Central Vigilance Commission of India has suggested for adoption of 'Integrity Pact' voluntarily in major procurement in the Government Organizations. The Integrity Pact essentially envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process.

Accordingly, your Company has implemented 'Integrity Pact' in the contracts/procurement having estimated value ₹10 Cr and more and appointed an Independent External Monitor (IEM). The name of IEM is being given in all tenders whose estimated cost is ₹10 Cr or more. The IEM has access to all such contract documents. He regularly takes stock of ongoing tendering process of such contracts examine complaints, if any, received by him and gives his recommendations / advice /views, if any, to CEO from time to time.

20. LOANS AND INVESTMENTS

Your Company has not granted any loans, given any guarantee or made any investments under Section 186 of the Companies Act, 2013 during the year.

21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE : NIL

22. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Companies Amendment Act, 2017, has amended the existing definition of relative under Section 2(76) of the Companies Act, 2013 vide notification dated 9th February, 2018 including thereby an investing Company or the venturer of the Company, pursuant to which our promoter companies NTPC and SAIL being the investing Company/joint venture partners have fallen under the purview of "Related Party" of your Company. However, all the transactions undertaken with NTPC and SAIL are in the ordinary course of business and on arm's length basis. So, technically the Company is not required to obtain approval of Board and Shareholders for entering into any transactions with NTPC and SAIL. But for adherence of good Corporate Governance and abundant caution, your Company is in the process of taking approval of Audit Committee, Board of Directors and Shareholders of transaction with SAIL & NTPC, who are Promoters & investors in the Company.

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

23. DEPOSITS

Your Company has not accepted any deposits during the year.

24. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your Company has no subsidiary or joint venture.

25. PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Under the provisions of "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" an Internal Complaints Committee has been set up at Corporate Centre and all Units for investigating complaints related to Sexual Harassment of Women at Workplace. No complaints were received during 2017-18.

26. COMPANY WIDE ERP SYSTEM

Companywide ERP system based on SAP is under stabilization w.e.f. April 30, 2015 and modifications in the system were done during 2016-17 to incorporate changes to implement IndAs accounting practices. Modifications in the system were carried out successfully to implement GST from 1st July 2017. Many steps have been taken in ERP to implement paperless office. eMB (electronic Measurement Book) was implemented to process all bill payments electronically. Performance Management System (PMS) of non- executives (in addition to existing PMS for executives) was also implemented in ERP to eliminate paper forms. Office Orders and different types of applications from employees have been implemented in ERP for eliminating paper usage.

27. IT AND COMMUNICATION

Companywide email under the domain nspcl.co.in was implemented with in-house efforts and email ids provided to all employees. This is in operation from Feb 2015.

The primary MPLS connectivity for running ERP have been changed from M/s BSNL to M/s PGCIL with increased bandwidth for enhanced performance of the ERP system. A secondary MPLS link from M/s BSNL is provided for increased reliability of ERP connectivity. The speed of MPLS links with NTPC with all NSPCL locations for running NTPC ESS & ERP is increased from 512Kbps to 2 Mbps.

An in-house system for conducting on line surveys implemented through which a number of surveys like service effectiveness survey, training need survey etc have been conducted from CC and sites.

28. CHANGE IN THE BOARD OF DIRECTORS AND KMPS

NTPC through its letter dated September 22, 2017 had nominated Ms. A.Sathyabhama, GM, CEG-SR-Bangaluru, NTPC as part time Director in place of Sh. Revti Raman. The appointment was done on October 20, 2017 in the 159th Board Meeting.

Further, NTPC through its letter dated November 10, 2017 had nominated of Shri Saptarshi Roy, Director (HR), NTPC as part time Chairman on the Board of NSPCL in place of Shri K.K.Sharma. The appointment was done on November 15, 2017 in the 161st Board Meeting.

The Board Places on record its deep appreciation for the contribution made by Shri Revti Raman and Shri K.K. Sharma during their respective tenures.

There has been a change in the KMPs.

NTPC through its office order dated July 10, 2017 had nominated Shri N. Ghosh, GM (Fin) as CFO and as KMP, His appointment was done in 157th Board Meeting held on July 18, 2017 with effect from July 21, 2017 in place of Shri S.V. Shahi.

Further, NTPC through its office order dated Dec. 30, 2017 had nominated Shri P.K.Bondriya, GM, NSPCL as CEO and as KMP. His appointment was done in 163rd Board meeting held on Jan 3, 2018 in place of Shri Manash Sarkar.

The Board places on record its deep appreciation for the Contribution made by Shri Manash Sarkar and Shri S.V. Shahi during their respective tenure.

29. MEETINGS OF THE BOARD OF DIRECTORS AND ITS SUB COMMITTEES AND ATTENDENCE OF DIRECTORS

Detailed information has been provided in the Corporate Governance Report placed at Annexure IV.

30. PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD

As required under the Companies Act, 2013, evaluation of performance of directors including that of the Independent Directors/ Board/ Committees is to be carried out either by the Board or by the Nomination and Remuneration Committee or by the Independent Directors.

All the Directors are nominated by NTPC and SAIL. The Directors nominated by NTPC and SAIL are being evaluated under well laid down procedure for evaluation by the promoters.

31. MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is placed at Annexure-II.

32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

Your Company has been adopting modern technology to conserve energy both in the field of operation as well as in office.

Information in accordance with the provisions of Section 134(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure- III to this Report.

33. CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is placed at Annexure-IV.

34. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

Risk Management Policy of your Company was approved by the Board on April 27, 2015. In line with the above, Enterprise Risk Management Committee (ERMC), a Sub-Committee of NSPCL Board had been constituted to review risk portfolio and risk mitigation plans, finalization of Risk assessment/ classification & prioritization of identified risks, monitor implementation of risk management mechanism etc. A software platform captures the risks from the root level to the risk owner and Chief Risk Officer (CRO). So far twenty risk categories have been identified through the detailed risk management process. Identified risks are being regularly monitored through reporting of key performance indicators. ERMC meetings are being held on a quarterly basis from 3rd quarter 2015-16 onwards, where CRO appraises the risks the proposed mitigation measures which are deliberated and decisions are taken. Subsequent to ERMC meetings, NSPCL Board is being appraised about the information on the top risks and decisions taken in ERMC meetings.

35. STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Amit Ray & Co., Chartered Accountants were appointed as the Statutory Auditors for the Financial Year 2017-18.

36. COST AUDITORS

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by all stations of your Company. M/s. Jugal K. Puri & Associates, Cost Accountants have been appointed as Cost Auditors for the Financial Year 2017-18 for all the stations including the Corporate Office. The Cost Audit Reports for the Financial Year ended 31st March 2018 shall be filed within the prescribed time period.

37. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller & Auditor General of India (C&AG), through their letter dated June 11, 2018 have given NIL Comments for the year 2017-18. The same is being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

38. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

39. EXTRACT OF THE ANNUAL RETURN IN FORM MGT-9:

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 Extract of Annual Return of your Company is placed at Annexure- V to this Report.

40. PARTICULARS OF EMPLOYEES

In terms of provisions of section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, the details of the top ten employees of the Company in terms of remuneration drawn are placed at Annexure VI to this Report. Further, no employees were covered under the limits of remuneration specified in the said rules.

41. SECRETARIAL AUDIT

The Company has appointed M/s. Agarwal S. & Associates, Company Secretaries, to conduct Secretarial audit for the Financial Year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as Annexure VII to this Report.

The Managements comments on Secretarial Audit Report are as under:

Observations	Management's Comments
1. As per second provision to Section 149(1) of the Companies Act, 2013, the Company did not have a woman Director on its Board from 01.04.2017 to 20.10.2017.	The Directors on the Board of NSPCL are nominated by its promoters. Ms. A. Sathyabhama, was appointed as Director on October 20, 2017.
2. As per Section 149(4) of the Companies Act, 2013, the Company does not have the requisite number of Independent Directors on its Board.	NSPCL got converted into a Public Limited Company with effect from March 17, 2017 and was in the process of shortlisting candidates for appointment as Independent Directors. However, the requirement of appointing an Independent Director was done away with vide Ministry of Corporate Affairs, notification dated July 5, 2017. Further, the Company has issued non- convertible debt securities and the same have been listed with BSE on July 18, 2017. A Company whose securities are listed has to comply with certain corporate governance norms as mentioned in Section 149 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014. The Company has sent a letter dated March 27, 2018 to MCA seeking clarification as regards appointment of Independent Directors on our Board. Reply is still awaited.
3. The Composition of the Audit Committee shall be as per the provisions of Section 177(2) of the Companies Act, 2013.	
4. The Composition of the Nomination and Remuneration Committee shall be as per the provisions of Section 178(1) of the Companies Act, 2013.	
5. The Composition of the Corporate Social Responsibility Committee shall be as per the provisions of Section 135 of the Companies Act, 2013.	
6. As per Section 134(3) (p), 149(8) read with Clause VII & VIII of Schedule IV of the Companies Act, 2013 w.r.t to separate meeting of the Independent Directors and Performance Evaluation of the Directors should have been complied with.	
7. Copy of reporting by the Company Secretary about the compliance of the provisions of all laws applicable to the Company (Section 205).	The same is being adhered to.
8. Existence of adequate system and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.	Adequate systems and processes exist in NSPCL that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The compliance reports for the financial year 2017-18, regarding compliance of all laws applicable, non-compliance of any laws and steps taken to rectify instances of non-compliance as received from Bhilai, Rourkela, Durgapur and CC had been placed before the Board in its 166th Board Meeting held on May 22, 2018.

CHP Bhilai Expansion Project

Service Building NSPCL Durgapur

42. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of 134(5) of the Companies Act, 2013, your Directors hereby confirm:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis and.

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

43. ACKNOWLEDGEMENT

Your Directors, acknowledge with a deep sense of appreciation the co-operation extended by NTPC, SAIL and their employees. The Directors are thankful to the Ministry of Steel and Ministry of Power for valued co-operation, support and guidance provided to the Company from time to time. Your Board also acknowledges the co-operation received from the Comptroller & Auditor General of India, the Statutory Auditors and the Bankers of the Company.

Your Directors thankfully acknowledge the cooperation received from the State Governments as well as the Pollution Control Boards of West Bengal, Odisha and Chhattisgarh respectively and the Central Pollution Control Board and their various officials.

The Board wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the Company continues to grow and excel.

The Directors look forward to a bright future for the Company with confidence.

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN : 03584600

Date : September 26, 2018
Place : New Delhi

Night View Bhilai Expansion Project

Annexure-I

Annual Report on Corporate Social Responsibility Activities

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken

All the CSR activities and sustainability programmes undertaken by the Company are carried out in accordance with its well-defined CSR policy, new Companies Act 2013 and Guidelines issued by Govt. of India from time to time.

Focus areas of NSPCL CSR and Sustainability activities are women empowerment, education to underprivileged children, skill development of Rural youth, preventive health care, family welfare, sanitation, promotion of art and culture and social infrastructure projects contributing to holistic development of stake-holders. Mass tree plantation and environmental conservation activities are also undertaken for environment sustainability.

Preference for CSR and sustainability activities is given to local areas (with in the district) around the Company's operations, ensuring majority of CSR funds are spent for activities in local areas. A CSR efficacy survey is undertaken by a cross functional team, to assess the impact evaluation of the various CSR activities undertaken by the Company at various sites.

2. The Composition of the CSR Committee.

The Board level Corporate Social Responsibility Committee comprising of 6 Directors recommends to Board for approval, the budget for expenditure to be incurred on CSR activities and monitors from time to time the implementation of Corporate Social Responsibility and Sustainability Policy approved by the Board.

Sl No	Name of CSR Committee Members as on March 31, 2018
1	Shri Tej Veer Singh
2	Shri Sudhir Arya
3	Shri S.S.Isser
4	Ms. A Sathyabhama
5	Shri A.K.Mathur
6	Shri Ram Gopal

3. Financial Details

Particulars	2017-18 (₹ in lakhs)	2016-17 (₹ in lakhs)
Amount required to be spent during Year	648.99	603.55
Shortfall amount of previous year	---	427.47
Total amount required to be spend	648.99	1031.02
Amount Spent on CSR	773.73*	1032.81
Shortfall amount appropriated to CSR Reserve	NIL	NIL

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

4. **Manner in which the amount was spent during the financial year is as under:**

DETAILS OF CSR AMOUNT SPENT DURING 2017-18

S. No.	CSR Project or Activity identified	Sector in which Project is covered	Projects or programs -specify the state/ UT where the project/ program was undertaken	Projects of programs- specify the district where projects or programme was undertaken	Amount outlay (budget) project or program weise (₹ In Lacs)	Amount spent on the projects or programs sub heads (1) Direct expenditure on projects or programs (2) overheads (₹ In Lacs)	Mode of Amount spent: Direct or through implementing agency
I	Eradicating hunger, poverty and malnutrition promoting preventive health care and sanitation and safe drinking water	Health & Family Welfare	Chattisgarh,	Durg	15.00	6.30	Direct Expenditure
			Odisha,	Sundergarh	12.00	14.33	
			West Bengal,	Durgapur Bengal	28.39	28.39	
			Delhi	Kalkaji & Azadpur, Gokulpuri	0.76	0.76	
II	Promoting education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Education	Chattisgarh,	Durg	38.50	41.02	Direct Expenditure
			Odisha,	Sundergarh	163.80	161.23	
			West Bengal,	Durgapur Bengal	14.00	14.00	
			Delhi	Kalkaji , Azadpur & Gokulpuri	3.70	3.70	
III	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Women Empowerment	Chattisgarh,	Durg	1.00	0.21	Direct Expenditure
			West Bengal,	Durgapur Bengal	10.50	10.50	
			Delhi	Kalkaji , Azadpur & Gokulpuri	7.40	7.40	
IV	Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports	Sports & Games	Chattisgarh,	Durg	1.50	0.41	Direct Expenditure
			Odisha,	Sundergarh	6.00	7.09	
			West Bengal,	Durgapur Bengal	2.50	2.50	
V	Rural Development Projects	Infrastructural Development	Chattisgarh,	Durg	117.15	228.64	Direct Expenditure
			Odisha,	Sundergarh			
			West Bengal,	Durgapur Bengal	116.30	116.22	
VI	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro- forestry, conservation of natural resources and maintaining quality of soil, air and water.	Sustainable Development (Plantation)	Chattisgarh,	Durg	80.00	100.00	Direct Expenditure
			Odisha,	Sundergarh	28.20	27.35	
			West Bengal,	Durgapur Bengal	2.30	3.68	
				Total	**649.00**	**773.73**	

5. This is to state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of your Company.

For and on behalf of Board of Directors

Sd/-

Tej Veer Singh
Chairman, CSR Committee
DIN: 06424792

Date : September 26, 2018
Place : New Delhi

AWARDS

1. **Great Place to Work Certified**

NSPCL has been certified as "Great Place To Work" for the year 2017-18 by the Great Place to Work Institute.

2. **Certificate of Commendation**

The e-magazine of NSPCL was conferred "Certificate of Commendation under JV category for the FY 2016-17 on 30th October 2017 at NTPC Communications Meet.

3. **Quest for Excellence (Q4E – 2017) organised by Power HR Forum:-**

NSPCL Team from Bhilai Unit stood runner up in the annual event of Power HR Forum, Quest for Excellence (Q4E – 2017) organized on September 29th, 2017. The theme of the event was "Succession Planning for Building a Leadership Engine".

4. **National level competition enterPRIZE 2017 of Power HR Forum:**

NSPCL team stood third in the enterPRIZE 2017 competition, on Business Simulation Games among teams representing Power Sector Companies organised by Power HR Forum.

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN : 03584600

Date : September 26, 2018
Place : New Delhi

Switch yard Bhilai Expansion Project

Annexure-II

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS SCENARIO

Industry

An Overview of Industry developments

Indian power sector is going through a huge transformation. The electricity demand has been increasing and to meet the increasing demand, massive capacity addition is necessary. The government targets a capacity addition of 100 GW by during 2017-22.

Brief on power sector including achievements, developments, issues in different segments are detailed below:

Major highlights in 2017-18

- All India Electricity Generation is about 1303 BU with a growth rate of 5.5% over last year
- Above includes renewable energy generation of 101839 MU (81548 MU in FY16-17)
- Energy deficit was 0.7% and Peak shortage was 2%
- Generation capacity addition during the year is about 21283 MW including 11778 MW of renewable capacity.
- Per capita consumption of electricity increased to 1149 KWh from 1122 KWh of 2016-17.
- Coal production by Coal India increased by 2.4% to 567 million ton
- A total of 23,119 circuit-km (ckm) of transmission lines and 86,193 MVA transformation capacity was added in Central, State & Private Sector.
- 100% village electrification was attained in 2017.
- UDAY scheme launched in 15-16 has been a success as 27 states and 5 UT's have joined this scheme and there has been a sharp reduction of AT&C losses in UDAY states.
- As a part of "Digital India" program, various initiatives like e-bidding portal DEEP (Discovery of Efficient Electricity Price) has been introduced with E-Reverse auction process for competitive procurement. Smart grid mission with 14 DISCOMs and smart metering for high end users are other important digital India initiatives. (Source: MOP & CEA)

Installed capacity

- Total Installed capacity as on 31st March,2018 was 344003 MW

Installed capacity

Total Installed capacity as on 31st March, 2017 was 344003 MW

Sector	Total Capacity(MW)	% share
State	103975	30.00
Central	84517	25.00
Private	155511	45.00
Total	344003	100.00

(Source: CEA)

Generation and Capacity Utilization (PLF)

Government of India's mission to provide 24x7 electricity to all and to "Make in India" initiative, are expected increase demand for electricity in future.

Sector wise PLF (Thermal) (%) of last three years is given below

Sector	2017-18	2016-17	2015-16
State	56.83	54.35	55.41
Central	72.35	71.98	72.52
Private	55.32	55.73	60.49
All India	60.67	59.88	62.29

(Source: CEA).

Demand and Supply position

The energy shortage was maintained at 0.7%, same as that of previous year. However, there was marginal increase in peak shortage which increased from 1.6% in 2016-17 to 2.0% in 2017-18.

For the last four years Demand and supply position of power in the country is indicated as under:

Energy:

Year	Reqmt. (MU)	Availability (MU)	Deficit (%)
2014-15	10,68,943	10,30,800	3.6
2015-16	11,14,408	10,90,851	2.1
2016-17	11,42,929	11,35,334	0.7
2017-18	12,13,326	12,04,697	0.7

Peak Demand:

Year	Reqmt. (MU)	Availability (MU)	Deficit (%)
2014-15	1,48,166	1,41,160	4.7
2015-16	1,53,366	1,48,463	3.2
2016-17	1,59,542	1,56,934	1.6
2017-18	1,64,066	1,60,752	2.0

(Source: CEA)

The above demand supply gap should have been higher if supplies are not restricted by Distribution companies.

Challenge ahead

Inspite of 100% village electrification and reduction in Demand Supply gap in the last few years, benefits of electricity are yet to be availed by some percentage of population. Various sectorial challenges like the Country's low per capita consumption (1149 kwh) which is 38% of the world average (3052 kwh), reduction in demand due to weak financial position of Discoms and attaining affordable '24x7' power for all by 2019 still remain and needs to be addressed. Further, achieving the renewable energy capacity of 175 GW by 2022 from approx. 69 GW at present is also a big challenge. The National Electricity Plan (NEP) forecasts a closure of 22.7 GW coal based plants of which 16.8 GW is due to inadequate space for Flue Gas Desulphurization equipment. Meeting MoEF norms w.r.t.

emission parameters and water consumption is going to be a major challenge for coal based power plants. Further, existing coal plants will require major renovation and retrofitting to meet the variable demand in future with increasing renewable presence in the grid by selling surplus power to the grid.

Captive Sector

Captive power sector in India was facilitated with the enactment of The Electricity Act in 2003 and subsequent Electricity Rules of 2005 which have clearly defined the captive power plants. As per the above, captive power plant needs to meet the following two conditions: (i) not less than twenty-six percent of the ownership is held by the captive user(s), and (ii) not less than fifty-one percent of the aggregate electricity generated in such plant, determined on an annual basis, is consumed for the captive use. Further, the provisions of the Act allow sale of surplus power upto maximum of 49% of the capacity of the captive power plant to bulk purchaser after consumption of 51% of capacity for own use on annualized basis. This facility has facilitated surplus power supply to the grid reducing power demand supply shortages. Captive power producers are also selling power through exchanges for improving capacity utilization, which lead to higher competition, robust price discovery and boosted trading volumes

Captive power plant capacity is about 14% of total installed capacity. Govt. has allowed auction of coal linkages for non-regulated sector through competitive bidding and auction route has been stipulated for captive power plants to meet their coal availability. Some issues of the segment like open access, parallel operation charge, cross subsidy surcharge etc. need to be addressed.

Potential for Growth

Per capita electricity consumption of India is still very low compared to the world. It is 1149 kWh against world average consumption of 3052 kWh. Though demand supply gap has decreased over the years, electricity is yet to be availed by a certain percentage of population. Further, consumption in India grows consistently with varying growth. Keeping the targeted GDP growth of 8%, electricity demand is bound to increase over the years. Moreover, Govt. of India's "Make in India" campaign to incentivize manufacturing sector is providing a boost to power sector growth. To cater to the future requirements, Captive Power Plants have to enhance their capacity. Further, electricity is one of the critical input cost component (approximately 30–35% of production cost) for infrastructural industry sectors like Steel, Cement, Aluminum. Reliability and continuous availability of power are vital requirements for the above industries. Hence, captive power plants providing reliable power supply with competitive cost of production are an advantage to these industries as the power requirement in these industries is high. Further, Captive generation also play a key role to meet the demand growth and in mitigating the power shortage. As such potential for growth of captive power segment is considerable.

OPPORTUNITIES FOR NSPCL

Major areas of opportunity which present significant potential for the Company's growth area, as under:

Capacity Addition

a) Conventional Energy

290 MW is presently under construction and the details are as under:

Rourkela PP-II Expansion (1x250MW):

EPC package for Rourkela PP-II Expansion (1x250 MW) has been awarded to M/s BHEL on 11.05.2016. Work for the project is in full swing and unit is expected to be commissioned in FY 2019-20.

Durgapur PP III (2x20 MW):

EPC Package for Durgapur PP-III (2x20 MW) was awarded to M/S ISGEC on 13.12.2016. Work for the project is in full swing and units are expected to be commissioned in FY 2019-20.

Other Projects:

NSPCL is also contemplating on other projects including Bhilai PP-IV.

b) Renewable Energy

Various policy initiatives have been unveiled by Govt. for development of renewable sector. A target of 175 GW renewable capacity by 2022 has been set, out of which solar energy capacity of 100 GW is targeted.

Development of 200 MWp Solar capacity

Based on mandate received from SAIL, NSPCL entered Solar Power area and prepared FRs for Salem Solar (50 MW), Durgapur Solar (20 MW), Bhilai Solar (7 MW), Kulti Solar (25 MW) and Rourkela Solar (40 MW) projects. EPC package bidding of Salem Solar Project was annulled based on SAIL's advice considering disinvestment of Salem Steel Plant. While conditional investment approval was obtained for Durgapur Project after price bid opening and reverse auction, evaluation of Techno-commercial bids for EPC packages of Bhilai Solar and Kulti Solar Projects were completed. Meanwhile, SAIL vide letter dated 19.07.18 conveyed that matter of installation of Solar Power Plants at various SAIL locations was deliberated within SAIL and it was concluded that it would be beneficial if the Solar Projects are implemented directly by SAIL. SAIL requested NSPCL not to pursue further activities related to setting up of Solar Projects at various locations of SAIL. Keeping above in view, decision has been taken to annul EPC tenders and close solar activities.

RISKS AND CONCERNS

An elaborate Enterprise Risk Management frame work is in place in NSPCL with functional Enterprise Risk Management Committee (ERMC). The ERMC is responsible to identify & review the risks and to formulate action plans and strategies for mitigation of risks both on short and long term basis.

20 risks have been identified by ERMC for the Company and some of the important risks identified are given below:

- Risk of fuel supply
- Non-compliance with environmental, pollution and other related regulatory norms incl. Ash utilization.
- Delay in Execution of Projects
- Reduced generation capacity of ageing Plants

- Risk of not getting schedule
- Hindrances in acquisition of Land
- Sustaining efficient Plant Operations

Regular monitoring of all the identified risks is being done through reporting of key performance indicators. ERMC meetings are conducted on quarterly basis and exceptions are reported regularly to the Board of Directors.

Details of mitigation of important risks namely Fuel Risk, risk of non-compliance with environmental norms and delay in execution of projects are as follows:

Risk of fuel supply

To mitigate the risk, NSPCL has signed long term fuel supply agreement (FSA) with SECL and MOU with SCCL for supply of coal for PP-III. Further, regular meetings are held with SECL, SCCL and Railways to improve coal supply for PP-III. In addition, Constant liasioning is done with CCSO, Dhanbad, respective mines for improvement of supplies and coal quality for PP-II stations.

Risk of environmental, pollution and other related regulatory norms

To mitigate this risk NSPCL has undertaken several measures in all its projects. To comply with norms on SPM, renovation and modification of Electrostatic precipitators has been completed at Rourkela, under completion at Durgapur and is under tendering for Bhilai PP-II. NSPCL has engaged NTPC as consultant for FGD implementation in its stations and Rourkela PP-II Expansion. Tenders have been issued on 31.08.2018 for FGDs of Bhilai PP-III and Rourkela PP-II Expansion. In case of Durgapur PP-III FGD is being implemented as part of EPC package. All out action is being taken to meet the MoEF norms as per schedule.

Delay in Execution of Projects

Regular meetings at all levels including at CEO level are being held to identify & resolve the issues and close follow up is being done to complete Rourkela PP-II Expansion and Durgapur PP-III projects at the earliest.

COMPETITION

With a capacity of 814 MW, NSPCL is mainly a captive power generating Company supplying about 73% of its power to SAIL and the balance to various other beneficiary states/UTs. In line with its approved Corporate Plan, it aims to almost triple its capacity by 2025. Both the promoter companies of NSPCL i.e. NTPC and SAIL are Maharatna PSUs and are well established in their respective markets. Over a period of time, NSPCL established itself as a leader in Captive Power industry and as a 'Niche' player in power sector. Considering its expertise, NSPCL has opportunities in future to be a major player in managing captive power plants and setting up similar projects. Further, 290 MW is being set up by NSPCL at Rourkela and Durgapur mainly cater to meet the additional power requirement of SAIL. As such NSPCL is capable to face the challenges of competition.

INTERNAL CONTROL

To ensure regulatory and statutory compliance as well to provide highest level of corporate governance, your Company has robust internal systems and processes in place for smooth and efficient conduct of business and complies with relevant laws and regulations. A comprehensive delegation of power exists for smooth decision making which is being periodically reviewed to align it with changing business environment and for speedier decision making. Elaborate guidelines for preparation of accounts are followed consistently for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by the experienced firms of Chartered Accountants in close co-ordination with the Company's own Internal Audit Department. Besides, the Company has Audit Committee to keep a close watch on compliance with Internal Control Systems. A well-defined internal control framework has been developed identifying key controls. The supervision of operational efficiency of designed key controls is done by Internal Audit. The framework provides elaborate system of checks and balances based on self-assessment as well as audit of controls conducted by Internal Audit at the process level. Gap Tracking report for operating efficiency of controls is reviewed by the management regularly and action is taken to further strengthen the Internal Control System by further standardizing systems & procedures and implement process changes, wherever required, keeping in view the dynamic environment in which your Company is operating. The Internal Control Framework system presents a written assessment of effectiveness of Company's internal control over financial reporting by the process owners to facilitate certification by CEO and CFO and enhances reliability of assertion.

FINANCIAL PERFORMANCE

Overview

The Company has prepared Financial Statements 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.

FINANCIAL DISCUSSION AND ANALYSIS

A. OPERATIONAL RESULTS

1. Operational parameters

The Company has been operating Plants at Durgapur (2X60 MW), Rourkela (2X60 MW) and Bhilai (2X30+1X14 MW), hereinafter referred to as 'PP-IIs' since inception. The Company has added 2X250 MW capacity in Bhilai in the year 2009-10, hereinafter referred to as 'PP-III' or 'Bhilai Project'.

The operational performance of Company is tabulated below:

Particulars	Year ended 31st March	
	2018	2017
Generation (MU)		
PP-II	2376.74	2330.69
PP-III	3877.38	3651.22
Total	**6254.12**	**5981.91**
Energy sent out (MU)		
PP-II	2092.02	2052.88
PP-III	3590.38	3379.11
Total	**5682.40**	**5431.99**

Particulars	Year ended 31st March	
	2018	2017
PLF (%)		
PP-II	86.41%	84.73%
PP-III	88.52%	83.36%
Total	**87.71%**	**83.89%**
Addl saturated steam supply (lakh ton) from BHL unit		
- 18 ata	6.13	7.01
- 8 ata	5.82	5.93

1 (a) The financial performance of the Company for the year 2017-18 and of previous year is as under:

₹ in crore

Particulars	Year ended 31st March	
	2018	2017
Revenue from Operations	2602.17	2526.31
Other Income	42.28	104.09
Total income	**2644.45**	**2630.40**
Fuel	1430.00	1307.41
Employee benefits expense	182.09	163.52
Finance costs	41.19	76.52
Depreciation, amortization and impairment expense	150.38	147.20
Other expenses	496.14	500.15
Total expenses	**2299.80**	**2194.80**
Profit before tax	344.65	435.60
Total tax expense	**12.94**	**46.73**
Profit after tax	331.71	388.87
Other comprehensive income	(0.68)	(2.09)
Total comprehensive income	**331.03**	**386.78**

2. Revenue from Operations

Tariffs for computation of Sale of Energy

In case of PP-II's, as per the PPA entered with SAIL, billing is done on a cost plus basis except for Cash Credit interest wherein interest on normative working capital (fixed on the basis of previous year audited accounts) is billed at Cash Credit Rate applicable to SAIL. Return on Equity (ROE) and incentive is billed at 15.5% & 2% respectively which is grossed up at the Income Tax rate applicable to NSPCL.

In case of PP-III, the charges of electricity are based on Tariff rates determined by Central Electricity Regulatory Commission (CERC). The Tariff rates consist of capacity charges for recovery of the annual fixed cost based on plant availability, energy charges for recovery of fuel cost and unscheduled interchange charge for the deviation in generation w.r.t. schedule, payable (or receivable) at rates linked to frequency prescribed in regulation to bring grid discipline. The capacity charges given by CERC includes Return on equity at a base rate of 15.5%, to be grossed up by the applicable tax rate as applicable for the respective year on prescribed 70:30 debt to equity ratio.

The revenue from operations of the Company for the year 2017-18 stood at ₹ 2602.17 crore (previous year ₹ 2526.31 crore).

Revenue from operations on an overall basis have increased over the previous year, by ₹ 75.86 crore (PP-II by ₹ 41.21 crore & PP-III by ₹ 34.65 crore). Revenue of PP-II increased mainly due to increased operating expenditure (net of income passed on to SAIL) in the current year, increase in ROE & Incentive due to addition in gross block of assets, increase in Electricity duty and cost of issue of Coal at SAIL's end. Revenue of PP-III has increased mainly due to increase in recovery of Energy charges (due to increased coal price) and increase in generation.

Break up of Revenue from Operation is as follows:

₹ in crore

Particulars	Year ended 31st March	
	2018	2017
PP-II	1217.38	1176.17
PP-III	1384.79	1350.14
Total	**2602.17**	**2526.31**

PP-IIs

In case of PP-IIs, the entire sales is made to SAIL (being 100% captive power plants) and coal is supplied by SAIL. Sales during 2017-18 stood at ₹ 1217.38 crore (Previous year was ₹ 1176.17 crore) for PP-IIs. The increased turnover is mainly due to increased operating expenditure (net of income passed on to SAIL) in the current year, increase in ROE & Incentive due to addition in gross block of assets, increase in electricity duty and increase in cost of issue of Coal at SAIL's end.

PP-III

In case of PP-III, sales has increased to ₹ 1384.79 crore from ₹ 1350.14 crore in previous year. Sales has increased by ₹ 34.65 crore over previous year mainly due to increase in recovery of Energy charges (due to increased coal price) and increase in generation .

3. Other income

Other income stood at ₹ 42.28 crore for the year 2017-18 (previous year ₹ 104.09 crore). The decrease in other income during the current year over the previous year is mainly due to lesser accrual of interest on deposits of ₹ 9.17 crore on account of lesser rate of interest and lessor availability of surplus fund. Also, in the corresponding period of previous year, other income included an amount of ₹ 7.55 crore which was received from Income tax authority as interest on refund. Further during the previous year, Company has written back provision of MAT Credit of ₹ 47.14 crore consequent to amendment in finance act 2017, which allowed carry forward of MAT credit to 15 years as against 10 years allowed earlier.

4. Expenditure

The total expenditure for the year ended 31st March 2018 and 31st March 2017 are given below: ₹ in crore

Particulars	Year ended 31st March			
	2018			2017
	PP-III	PP-II	Total	Total
Fuel	680.47	749.53	1430.00	1307.41
Employee benefits expense	55.88	126.21	182.09	163.52
Finance Cost	32.12	9.07	41.19	76.52
Depreciation & amortization expenses	137.75	12.63	150.38	147.20
Other expenses	227.52	268.62	496.14	500.15
Total	**1133.74**	**1166.06**	**2299.80**	**2194.80**

4.1 Fuel costs

PP-IIs

Fuel costs in case of PP IIs, includes cost of issue of coal supplied by SAIL for the purpose of Power Generation. Other fuel cost comprise of cost of furnace oil, LDO and HSD. Fuel cost have increased to ₹ 749.53 crore as against previous year figures of ₹ 701.87 core mainly due to increased cost of coal at SAIL's end.

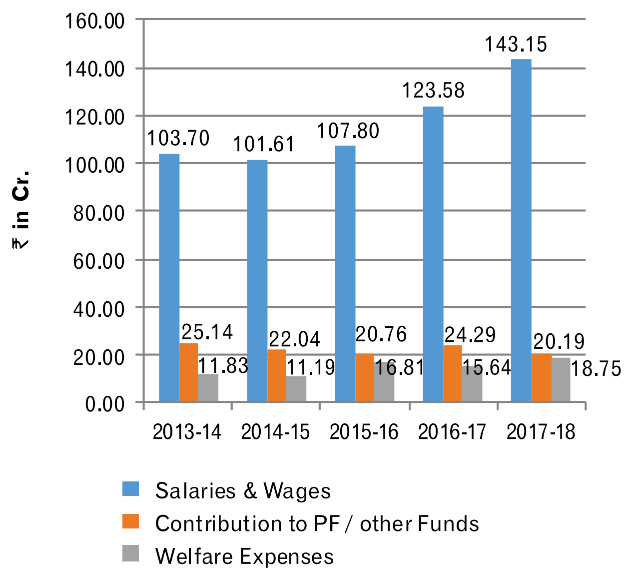
PP-III

In case of PP-III, coal linkage is available with NSPCL. Fuel cost has increased to ₹ 680.47 crore as against previous year's figure of ₹ 605.54 crore mainly due to deduction made from Coal India in the previous year for grade slippage w.e.f July 2015. Coal cost for accounting was ₹ 2853.19 /MT in current year against ₹ 2600.95/MT of previous year.

4.2 Employee benefits expenses

Employee costs have increased from ₹ 163.52 crore in 2016-17 to ₹ 182.09 crore in 2017-18. The increase is mainly on account of wage revision provision made on 3rd PRC report and guidelines issued based on report by Department of Public enterprises and due to normal increments and increased Dearness Allowance during the year. However, there is reduction in salary on account of number of employees decreasing to 802 (excluding non-executive trainees) as on 31st March'2018 as against 816 (excluding non-executive trainees) as on 31st March'2017. Further there is also reduction in actuarial provision on account of gratuity.

Allocation of employee cost to fuel and IEDC in PP-II was higher due to increased employee cost in the current year and increased number of employees for expansion activities at Rourkela & Durgapur plants



4.3 Finance Cost

PP-IIs

During the financial year 2017-18, Interest and Finance costs of PP-IIs decreased to ₹ 9.07 crore from ₹ 16.90 Crore. The reduction is mainly on account of receipt of interest from Income tax authorities of ₹ 5.46 crore in the previous year which was passed on to SAIL.

PP-III

During the financial year 2017-18, Interest and Finance costs of PP-III is ₹ 32.12 crore as against ₹ 59.62 crore in the previous year. The decrease is mainly on account of pre-payment of loan ₹ 182.12 crore and refinancing of existing loan at lower interest rates, renegotiation of interest rates for conversion of interest rate to MCLR.

4.4 Depreciation and Amortization Expenses

PP-IIs

Depreciation in respect of PP-II which comprises mainly of depreciation of Corporate Centre has increased to ₹ 12.63 crore (previous year ₹ 11.45 crore) . The depreciation of other Units of PP-II has been included in the books of SAIL as per Appendix-C to Ind-AS 17.

PP-III

In case of PP- III, depreciation on the fixed assets capitalized is charged on straight line method following the rate and methodology notified by CERC Regulation. Depreciation in respect of PP-III was remained as ₹ 137.75 crore (previous year ₹ 135.75 crore).

4.5 Other Expenses

Other Expenses comprise of water charges, repairs and maintenance, security expenses, training & recruitment, travelling expenses, provisions etc.

In case of PP-IIs, other expenses increased by ₹ 30.09 crore mainly due to provision made in the accounts, against amount billed for deferred tax recoverable from SAIL of ₹ 22.87 crore. Further, Electricity duty has increased by ₹ 2.90 crore on account of increased generation at Bhilai unit, Security expenses has increased by ₹ 1.86 crore and repair & maintenance expenses of plant & machinery and others have increased by 2.10 crore due to GST implementation from 01.07.2017 which has increased applicable rate to 18% as against 15% Service tax rate earlier.

In case of PP-III, Other Expenses for the year 2017-18 has decreased over the previous year by ₹ 34.10 crore mainly due to provision against receivable from Dadar & Nagar Haveli of ₹ 23.75 crore & Interest thereof for ₹ 11.27 crore was made in the accounts in the previous year. However, in current financial year interest provision of ₹ 2.99 crore was made against Dadar & Nagar Haveli receivables. Also there is a decrease in water charges and insurance expenses.

5. Profit Before Tax (PBT)

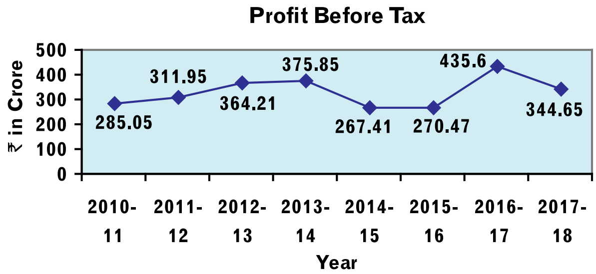
The Profit Before Tax for the financial year 2017-18 stood at ₹ 344.65 crore (previous year ₹ 435.60 crore)

In case of PP-II, the profit before tax for the year ended 31st March 2018 stood at ₹ 61.16 crore (previous year ₹ 102.20 crore). The decrease in profit before tax of ₹ 41.04 crore is due to raising of deferred tax bill to SAIL of ₹ 22.87 crore during financial year 2016-17 and providing the same in the accounts in the year 2017-18.

In case of PP-III, profit before tax for the year ended 31st March 2018 stood at ₹ 283.49 crore (previous year ₹ 333.40 crore). The decrease in profit before tax of ₹ 49.91 crore mainly on account of decrease in capacity charges in the current year as there was recovery of additional capacity charges of ₹ 35.18 crore in the previous year for the period

2014-15 and 2015-16 on account of receipt of advance tariff order for the period 2014-19. Also in the previous year Provision for MAT credit was written back by ₹ 47.14 crore. However the decrease is compensated by increase in profit due to decrease in generation and administrative expense by ₹ 34.10 crore.

In the previous year, profit before tax included one time profit of Rs.115.45 crore on account of arrear recovery/ reversal of provision due to CERC order for 2014-19 period of ₹ 68.31 crore and provision of MAT credit written back of ₹ 47.14 crore.



6. Provision for Tax

The Company has provided for current tax computed in accordance with provisions of Income Tax Act, 1961 also taking into account the Income computation and disclosure standards notified by Income Tax department and Deferred Tax computed in accordance with the provisions of Ind AS 12.

From the financial year 2014-15, the Company has availed deduction under section 80IA of the Income Tax Act for PP-III unit commissioned at Bhilai in financial year 2009-10. Hence, the entire profit of PP-III is deductible from Tax, resulting in taxable profit of Company lower than book profit. Hence the Company has paid tax at Minimum Alternative Tax (MAT) rate u/s 115JB of Income Tax Act, 1961. However, as per provision of Income Tax Act, the difference between MAT & Normal tax is available as MAT credit and the Company has recognized MAT credit during the year.

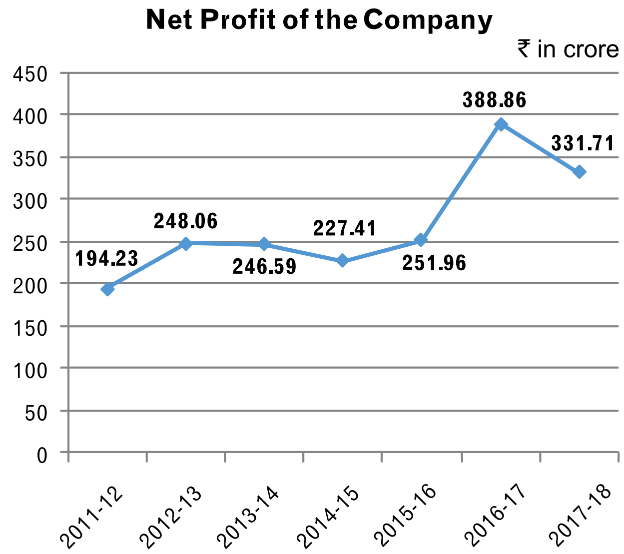
During current financial year, the Company has made provision for income tax at MAT rate of 21.34% amounting to ₹ 79.67 crore. Income Tax provision as per Normal Tax rates comes to ₹ 39.31 crore. Difference between MAT & normal tax of ₹ 40.36 crore is available as MAT credit and is carried forward for fifteen years to be set off against Normal tax in future years.

During the Financial year 2017-18, the Company has recognised Deferred Tax Assets due to decrease in deferred tax liability consequent to higher depreciation under Companies Act as compared to depreciation under income tax act and due to increase in deferred tax assets of ₹ 26.37 crore.

7. Net Profit after Tax

Net profit after current and deferred tax for the Company for the financial year ending 31st March 2018 stood at ₹ 331.71 core as against previous year amount of ₹ 388.87 crore .

A year-wise profitability graph is shown below:



The profit has decreased by ₹ 57.16 crore as explained in earlier paragraph of PBT.

However in the previous year profit after tax included one-time profit after tax of ₹ 90.00 crore on account of arrear recovery/ reversal of provision due to CERC order for 2014-19 period of ₹ 53.00 crore and provision of MAT credit written back of ₹ 37.00 crore

8. Dividend

The Company has paid dividend of ₹ 100.00 crore and deposited dividend tax of ₹ 20.36 crore during Financial Year 2017-18 equivalent to 10.20% of paid up equity share capital (previous year ₹ 120.00 crore amounting to 12.24% of equity share capital). The total cash outflow on account of Dividend and Dividend Tax equivalent to 36.28% of Profit After Tax.

9. Segment-wise performance:

To comply with Ind AS - 108 on 'Operating Segments' and for the purpose of compiling segment-wise results, the Company has identified two business segments based on risk and reward and regulating authority associated with the sale of power. Sale from PP-III is regulated by CERC Regulations where as sale from other power plant i.e. PP-II is based on Power Purchase Agreement with SAIL.

As per Ind AS-108, in case of PP-III i.e. CERC based, segment result without considering interest expenses, Depreciation and Income/Deferred tax for the period ending 31st March 2018 stood at ₹ 431.81 crore as against ₹ 475.85 crore in the previous year

In case of PP-II, the segment result without considering interest expenses, Depreciation and Income/Deferred tax for the period ending 31st March 2018 stood at ₹ 120.60 crore as against ₹ 83.45 crore in the previous year.

B. FINANCIAL POSITION

1. Property, plant and equipment

Property, plant and equipment of the Company grouped under non-current assets include Tangible assets, Intangible assets & Capital work in progress and Intangible assets under development. The break-up of the same as per books of accounts is as under:-

₹ in crore

Particulars	Year ended 31st March	
	2018	2017
Tangible Assets		
Gross Block	1986.50	1970.97
Less: Accumulated Depreciation	430.89	284.90
Net Block	**1555.61**	**1686.07**
Intangible Assets		
Gross Block	11.40	10.95
Less: Accumulated Depreciation	10.35	7.22
Net Block	1.05	3.73
Capital Work in Progress and In-tangible assets under development	903.40	202.37
Total	**2460.06**	**1910.17**

During the year 2017-18, gross block has increased by ₹ 15.53 crore mainly due to capitalization of assets in PP-III unit and Corporate center.

Capital work in progress (CWIP) including construction stores as at 31st March 2018 stood at ₹ 903.40 crore. Out of this, an amount of ₹ 49.88 crore pertains to PP-IIs, amount of ₹ 843.93 crore pertains to Durgapur expansion (2x20MW) & Rourkela expansion (1x250MW) and balance of ₹ 9.59 crore is in respect of Bhilai PP-III.

2. Loans – Non current assets

Under this head, amount of employee loan expected to be repaid after one year are considered. Secured loan represents loans against which mortgage/hypothecation of assets is available against advances like house, car/scooter etc. As per Ind AS the difference of loan balance and its net present value are shown under the head other non-current & current assets as Deferred Payroll Assets and adjusted from the loan balance. The details are as under:-

₹ in crore

Particulars	As at 31 March 2018
Employees Loans-Secured	20.65
Employee Loans-Unsecured	3.87
Less: Transfer to Deferral payroll asset	(8.41)
Total	**16.11**

3. Other Financial Assets

Other financial assets include finance lease recoverable. Finance lease recoverable amount has been recognized (In lieu of the value of net block of fixed assets of PP-IIs, which have been transferred to the books of SAIL) and to be amortized after 12 months are shown as non-current other financial assets. An amount of ₹ 273.58 crore has been recognised as finance lease recoverable in current period as compared to that of ₹ 255.08 crore of previous period.

4. Other Non-Current Assets

Other Non-Current assets as on 31st March 2018 stood at ₹ 39.44 crore, which comprises mainly Advance Tax Deposited & Tax Deducted at Source Receivable (Less Provision for Current Tax) ₹ 23.61 crore and deferred payroll expenses of ₹ 7.20 crore.

5. Inventories

Inventories mainly comprise of component & spares, Coal and others stores which are maintained for operating plants. As at 31st March 2018, the gross inventories without provision stood at ₹ 102.40 crore as against the previous year level of ₹ 139.72 crore. The break up including provision is as follows:

₹ in crore

Particulars	As at 31st March	
	2018	2017
Coal	10.29	47.86
Fuel Oil	4.65	4.54
Stores and Spares	75.46	74.19
Chemicals and consumables	1.55	1.86
Loose Tools	0.31	0.28
Others	10.14	10.99
Total	**102.40**	**139.72**
Less: Provision for shortages / obsolete/ unserviceable items	0.51	0.19
Total	**101.90**	**139.53**

Out of the total inventory, ₹ 54.03 crore pertains to PP-III which includes coal inventory of ₹ 10.29 crore, fuel oil of ₹ 2.70 crore, stores and spares ₹ 35.98 crore. The inventory balance for PP-IIs stood at ₹ 47.87 crore as at 31st March 2018.

6. Investments

The investment amount of ₹ 97.66 crore comprises mainly of investment made in Commercial papers and Inter Corporate Deposit.

7. Trade Receivable

Trade receivable balance as at 31st March 2018 stood at ₹ 25.34 crore, pertains to energy bill raised and remained outstanding till 31st March 2018 as against ₹ 71.15 crore as at 31st March 2017.

8. Cash & cash equivalents

The cash and cash equivalent as on 31st March 2018 stood at ₹ 43.44 crore the amount includes bank balance /fixed deposits pertaining to operations and expansion which are going to be matured within 90 days of deposit, detail of amount is as under:

₹ in crore

Particulars	As at 31st March 18			
	PP-IIs	PP-III	Rkl & Durg Exp.	Total
Current A/c	39.92	2.93	0.04	42.89
Cash Credit Account	0.28	0.27	----	0.55
Total	**40.20**	**3.20**	**0.04**	**43.44**

9. Other Bank Balances

Other Bank balance as on 31st March 2018 includes fixed deposits pertaining to operations and expansion which are going to be matured beyond 90 days of deposit, details of which are as follows:

₹ in crore

Particulars	As at 31st March 18			
	PP-IIs	PP-III	Rkl & Durg Exp.	Total
Fixed Deposits	2.52	188.00	5.00	195.52
Total	**2.52**	**188.00**	**5.00**	**195.52**

10. Loans (Current)

The balance represents employee loans recoverable in next 12 months as per details below. For Employee loans the recovery to be made in next 12 months are also discounted and the discounted amount is transferred to deferred payroll asset are shown under other current asset, detail of same is as under:

₹ in crore

Particulars	As at 31 March 2018
Employees Loans-Secured	2.76
Employee Loans-Unsecured	3.63
Less: Transfer to Deferral payroll asset	(0.60)
Total	**5.79**

Secured employee loans represent amount of loan given against mortgage of house building, hypothecation of vehicles of employees.

11. Other Financial Assets-Current

Other current financial Assets of ₹ 124.41 crore as on 31st March 2018 includes the followings:-

₹ in crore

Particulars	As at 31 March 2018
Advance- (unsecured)	
- Related Party	0.01
- Others	0.65
Interest accrued on Term Deposits	4.12
Claims recoverable	0.01
Unbilled Revenue	100.28
Financial Lease Recoverable	19.34
Total	**124.41**

Keeping in view the requirements of Schedule III to the Companies Act, 2013 the bill of energy which was raised after balance sheet date i.e. after 31st March 2018 are shown under "Other Financial Assets Current" as unbilled revenues C.Y. ₹ 100.28 crore , P.Y. ₹ 92.53 crore.

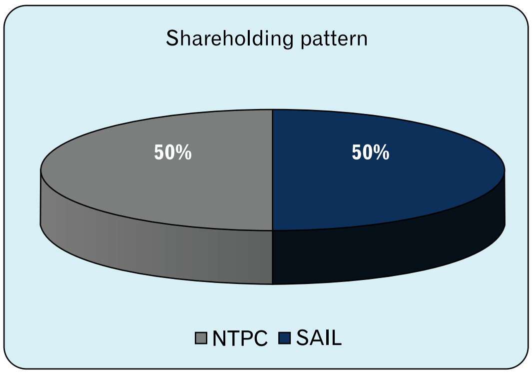
12. Other Current Assets

The other current assets stood at ₹ 213.55 crore as on 31st March 2018 comprises mainly ₹ 101.46 crore paid to M/s BHEL and ₹ 4.56 crore paid to M/s OPTCL for Rourkela expansion and ₹ 37.50 crore of unadjusted advance paid to M/s ISGEC Limited for Durgapur expansion project. Unadjusted advance of ₹ 53.66 crore paid to South Eastern Coalfields Limited & Southern Railway for supply of coal for Bhilai PP-III, prepaid Insurance of ₹ 1.32 crore and Advance paid of ₹ 1.03 crore to various Govt. agencies for Bhilai PP-III.

13. Equity Share Capital

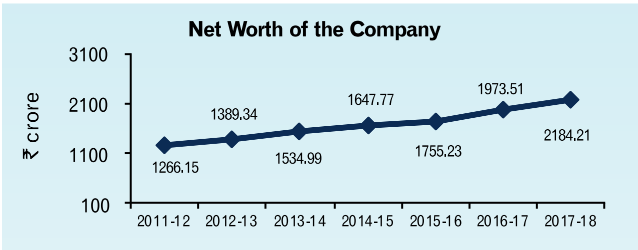
As at 31st March 2018, the authorized capital of the Company stood at ₹ 5000 crore (previous year: ₹ 5000 crore). Issued, subscribed and paid up capital of the Company as at 31st March 2018 was ₹ 980.50 crore. ₹150.50 crore of equity being towards PP-IIs at Durgapur, Rourkela & Bhilai and the balance ₹ 830 crore of equity towards Bhilai PP- III unit.

The shareholding pattern of the Company is given below:



14. Other Equity

As at 31st March 2018, reserves and surplus stood at ₹ 1203.71 crore as against ₹ 993.01 crore in the previous year. The increase in reserves & surplus is on account of addition of net profit for the year 2017-18 after adjustment of dividend and tax thereon paid during the year. Accordingly, the net worth of the Company has also increased over the past years as shown below:



15. Long Term Borrowing

Borrowings as at 31st March 2018 pertain to PP-II projects under operation, Bhilai Expansion Power Project (PP-III) under operation and for Rourkela & Durgapur expansion projects under construction which is due for repayment after one year from the Balance Sheet date are as under:

₹ in crore

Bank	Borrowing as on 31.03. 2018	Long term as on March 31	
		2018	2017
Bank of India	70.17	33.77	76.70
Vijaya Bank	31.11	29.55	Nil
Sub total	101.28	63.32	76.70
Union Bank of India	Nil	Nil	80.25
Central Bank of India	Nil	Nil	31.78
Rural Electrification Corporation	Nil	Nil	132.78
Union Bank Of India (Unsecured)	Nil	Nil	24.47
HDFC	132.79	Nil	Nil
Sub Total	**132.79**	**Nil**	**269.28**
Dena Bank	109.60	109.60	110.00
State Bank of Mysore	0.39	0.39	45.81
Kotak Bank	37.98	37.98	37.97
Bonds	**500.00**	**500.00**	**Nil**
Sub Total	**647.97**	**647.97**	**193.78**
Total	**882.04**	**711.29**	**539.76**

For PP-IIs, loans have been taken from Bank of India & Vijaya Bank considering a debt-equity ratio of 70:30 for the fixed asset additions.

The loans are being duly repaid on due dates as per contractual terms and Bank of India Loan is secured against first charge on the fixed assets of PP-II.

During the year, for the Rourkela and Durgapur Expansion project an amount of ₹ 500 crore was borrowed in July 2017 by issue of Bonds @7.72% which shall be repayable after a period of five years.

An amount of ₹ 31.11 crore has been drawn during the 4th quarter of FY 2017-18 from M/s Vijaya Bank on reimbursement basis for PP-II R&M/Capital addition. An amount of ₹ 265.57 crore has been refinanced from HDFC to make pre-payment to REC which was taken for PP-III, out of which ₹ 132.79 crore has already been repaid in March 2018.

Internal resources of the Company are being deployed to the maximum extent towards working capital requirement of the Company in order to save on interest costs.

16. Other Financial Liabilities (Non-Current)

Other financial liabilities as on 31st March 2018 decreased to ₹ 22.98 crore from ₹ 30.36 crore. The amount mainly comprises of Liability of ₹ 20.44 crore towards lease payment, represents present value of future liability calculated at effective interest rate as on 1st April 2015 of ground rent to be paid to SAIL-BSP for unexpired life of lease of land taken for Bhilai PP-III.

17. Provisions (Non-Current)

Long term provisions of ₹ 21.90 crore as on 31st March 2018 (previous year ₹ 35.88 crore). The provision are on accounts of provision for retirement benefits of employees as per Ind-AS 19 which are likely to be paid after twelve months.

18. Deferred Tax Liabilities

Deferred Tax Liabilities have decreased to ₹ 387.64 crore as at 31st March 2018 from ₹ 403.44 crore as at 31st March 2017. Further Deferred tax assets, MAT credit entitlement and deferred tax recoverable from beneficiary stands at ₹ 360.84 crore as against ₹ 309.90 crore during previous year the increase is mainly due to increase in MAT credit entitlement and increase in provisions resulting increase in deferred tax assets.

19. Other non-current Liabilities

Other non-current liabilities of ₹ 38.02 crore represents provision for probable claim from DNH in respect of case pending with Appellate Tribunal of CERC.

20. Short Term Borrowings

The portion of long term borrowing which is due for repayment within one year of reporting date i.e. 31st March 2018 stood at ₹ 170.75 crore, details of same is as under:

₹ in crore

Bank	As at 31st March	
	2018	2017
For PP-II Plants		
Term Loan:-		
Bank of India	36.40	38.15
Vijaya Bank	1.56	--
Sub-total	**37.96**	**38.15**
For Bhilai Project (PP-III)		
Term Loan:-		
Union Bank of India	--	40.46
Central Bank of India	--	9.08
Rural Electrification Corporation Limited	--	132.79
Union Bank Of India (Un-secured)	--	11.00
HDFC	132.79	--
Sub-Total	**132.79**	**193.33**
Total	**170.75**	**231.48**

21. Trade Payables

The Trade Payable which stood at ₹ 87.08 crore on 31st March 2018, mainly comprises liability of ₹ 60.59 crore for contractors' liability in various project which include electricity duty liability of ₹ 12.98 crore of Bhilai PP-II & PP-III, water charges liability of ₹ 7.29 crore, liability to MMTC for coal import made earlier of ₹ 9.73 crore and liability to SECL of ₹ 4.81 crore in respect of Bhilai PP-III. It also includes GR/IR & SR/IR of ₹ 23.42 crore for all the projects.

22. Other financial Liabilities

The Other financial Liabilities which stood at ₹ 221.14 crore as on 31st March 2018, mainly comprise of amount payable for capital expenditure of ₹ 171.00 crore including ₹ 101.24

crore pertains to Rourkela Expansion and ₹ 46.51 crore for Durgapur Expansion and ₹ 24.31 crore retained as retentions from capex contractor to be released within 12 months and PRP payable of ₹ 17.59 crore.

23. Other Current Liabilities

Current liabilities as on 31st March 2018 of ₹ 55.12 crore includes advances from customers of ₹ 12.24 crore for sale of scrap and ash, interest accrued but not due on borrowings of ₹ 27.81 crore and ₹ 7.77 crore as provision for gratuity to be paid to gratuity trust.

24. Short Term Provisions & Current Tax Liabilities

Short Term Provisions mainly consist of employee related provisions which have been considered in the books of account in accordance with the Ind AS-19 as per the actuarial valuation & shall be settled within one year of the balance sheet date.

The short term provisions for the year ending 31st March 2018 stood at ₹ 52.99 crore as against ₹ 18.37crore in previous year.

It includes Provision for Employee benefits for NSPCL employees of ₹ 37.94 crore payable in next twelve months and Provisions for Tariff Adjustment is ₹ 15.06 Crore.

Current Tax Liability stands at ₹ 4.52 crore which comprises of liability for Tax deducted at source and liability for Goods & Service tax which are standing in books as payable as on 31st March 2018.

25. Capital Employed

Considering the Equity Share Capital, Other Equity and Borrowings (including repayable with in one year) as at 31st March 2018, Capital Employed for the Company stood at ₹ 3066.24 crore as against ₹ 2744.75 crore as at 31st March 2017. The increase is mainly on account increase in Other Equity.

C. CONTINGENT LIABILITIES

As at 31st March 2018, contingent liability has been considered at ₹ 68.17 crore (Previous Year ₹ 73.09 Crore) in the accounts. This mainly includes:

a. ₹ 33.04 crore in respect of service tax demand raised by the Authorities on Rourkela and Durgapur units on the plea of rendering business auxiliary service to respective steel plants. While the case was decided in favour of NSPCL at CESTAT Kolkata, the Service taxes Authorities have preferred an appeal in the respective High Courts. The matter is pending in the High Court(s); and

b. an amount of ₹ 11.71 crore pertain to Income Tax dispute with various Authorities of Income Tax.

c. an amount of ₹17.50 crore demand against land acquisition for Bhilai PP-III.

D. CASH FLOW

Cash flows from various activities for the year ending 31.03.2018 & 31.03.2017 are tabulated below:

₹ in crore

Particulars	Year ended 31st March	
	2018	2017
Cash and cash equivalent (opening balance)	385.16	397.64
Net cash from operating activities	675.57	332.16
Net cash used in investing activities	(770.25)	(118.78)
Net cash from financing activities	(51.52)	(225.86)
Cash and cash equivalents (closing balance)	238.96	385.16

The increase in cash flows from operating activities in the current year (as against the previous year) is mainly on account of Depreciation and Amortisation and increase in Trade payables/ provisions and other liabilities.

Net cash outflow in investing activities have increased as against the previous year on account of higher cash outflows on fixed asset/CWIP due to expansion project under construction at Rourkela and Durgapur and higher investment outflow as compared to previous year.

Net Cash outflow from financing activities in the year 2017-18 has been arisen mainly on account of higher loan repayments as compared to previous year.

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis and in the Directors' Report describing the Company's objectives, projections and estimates contain words or phrases such as 'will'' 'aim', 'believe', 'expect', 'intend', 'plan', 'estimate', 'objective', 'contemplate', 'project' and similar expressions or variation of such expressions that are 'forward-looking' and progressive within the meaning of applicable laws and regulations.

Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon the economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward-looking statements.

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN: 03584600

Date : September 26, 2018
Place : New Delhi

Annexure-III

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

(A) CONSERVATION OF ENERGY

Various Energy Conservation measures are being adopted / implemented in all the NSPCL plants, which are in line with the measures being taken by NTPC in their various projects.

Energy Audit

Comprehensive energy audit of Boiler area insulations was carried out in all the stations. Water Balance Study was carried out in Bhilai PP-III. In Durgapur, APC audit was carried out through NPC during the year with a view to reduce auxiliary power consumption.

Heat Energy

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

D.M. Water

Attending Steam / D.M. Water and other water leakage, on line leak sealing etc. have been ensured and this has resulted in best ever DM make up consumption at Durgapur CPP-II & Bhilai PP-II.

Lubricants

Practices such as plugging of leakages, oil centrifuging, optimizing lubricant oil consumption in turbines & other equipment are being followed in your Company.

Lighting

Energy efficient LED lamps have been provided in the control rooms, boiler, turbine floors and administrative building at all the four stations of NSPCL and the same is being implemented in other locations of plant.

NSPCL has ventured into alternate source of Energy for power generation. Solar PV panels of 130 KW is operational at Bhilai Township and 100 KW solar PV system is operational at Durgapur CPP-II plant.

(B) Technology Absorption

(i) Efforts are being made for absorption of latest technology in the areas of control system of the plant through R&M. In Rourkela Unit-2 DDCMIS commissioning has been completed during FY 16 – 17 and for Unit-1 DDCMIS commissioning has been done in FY 17-18. In Durgapur, EHTC commissioning has been done in both units during the FY 16-17.

(ii) The benefits of these schemes have improved the reliability of the system.

(iii) Foreign Exchange Earnings and outgo

Value of imports:

Components and Spare Parts,	₹ 204.05 lakhs
Professional, Consultancy fee and Other Matters	₹ 15.47 lakhs
Capital Goods	₹ 356.03 Lakh

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN : 03584600

Date : September 26, 2018
Place : New Delhi

TG Floor NSPCL Durgapur

Annexure-IV

CORPORATE GOVERNANCE REPORT

Corporate Governance is a system encompassing the entire mechanism of the functioning of a Company and is about doing the right things, at the right time, in the right manner. Corporate Governance envisages a simplified and transparent corporate structure, driven by business needs and hence is a journey and not a destination. Corporate Governance stems from the culture and mindset of the management and is, therefore beyond the realm of law. It leads to improved employee morale and higher productivity, thereby providing a competitive advantage in the global marketplace.

The fundamental objective of Corporate Governance policies is to promote corporate fairness, transparency, accountability and responsiveness. NSPCL is committed to maintaining the highest standards of corporate governance. We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices we are putting into place for the Company shall go beyond adherence to regulatory framework. The Management and Employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability which are fundamental to NSPCL.

The Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its stakeholders.

1. BOARD OF DIRECTORS

The role of the Board is to determine the Company's strategy and provide appropriate leadership. It oversees management's implementation of the strategy and acts as a sounding board for senior executives. It also provides a critical overview of strategic risks and monitors the adequacy of the Company's control environment.

1.1 Size of the Board

Our Company is a Joint Venture of NTPC Ltd. and Steel Authority of India Limited (SAIL). Each of the promoters hold, 50% of the total paid-up share capital. As per the Articles of Association, the power to appoint Directors rests with NTPC and SAIL.

In terms of the Articles of Association of the Company, the strength of our Board shall not be less than six Directors or more than twelve Directors.

1.2 Composition of the Board

The Board comprises eight directors out of which four directors are nominated by NTPC and four by SAIL. On March 31, 2018 the Board comprised 8 directors, namely Shri Saptarshi Roy, Chairman, Shri Tej Veer Singh, Shri S.S. Isser, Shri Sudhir Arya, Shri M.C.Jain, Shri Ram Gopal, and Shri A.K.Mathur, and Ms. A.Sathyabhama. The Directors bring to the Board wide range of experience and skills.

1.3 Responsibilities

The primary role of the Board is that of trusteeship and to protect and enhance Shareholders value. As trustee, the Board ensures that the Company has clear goals and policies for achieving these goals. The Board oversees the Companies strategic direction, reviews corporate performance, authorizes and monitors strategic decision, ensures regulatory compliance and safeguards the interest of Shareholders. The Board ensures that the Company is managed in a manner that fulfills stakeholders' aspirations and social expectations.

Board member also ensures that their other responsibilities do not impinge on their responsibilities as a Director of the Company

1.4 Board/Committee Meetings and procedure

a). Institutionalized decision making process:

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning of matters requiring discussion/decisions by the Board, the Company has a well-defined procedure for conducting meetings of the Board of Directors and committees thereof in an efficient manner.

b). Scheduling and selection of Agenda items for the Board/ Committee Meetings:

i) The meetings are convened by giving appropriate notice after obtaining approval of the Chairman of the Board/Committee. To address any urgent needs, sometimes Board meetings are also called at shorter notice subject to observance of statutory provisions. In case of urgency, resolutions are also passed through circulation, if permitted under the statute. Detailed Agenda notes, management reports and other explanatory statements are normally circulated at least a week before the Board Meeting in a defined format among the Board members for facilitating meaningful, informed and focused decisions in the meetings. In exceptional cases, where it is not possible to circulate documents in advance, the same is tabled during the meeting with the approval of Chairman and with the consent of a majority of the Directors present in the meeting. As a part of green initiative, agenda for the meetings are sent through electronic mode ensuring encryption and password protection.

ii) The Agenda papers are prepared by the concerned departments and submitted to the Chief Executive Officer for obtaining approval of the Chairman. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.

iii) Where it is not practicable to attach any document or the agenda is of sensitive nature, the same is placed on the table at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional and supplemental item(s) on the agenda are taken up for discussion with the permission of the chair and after a consensus is formed. Sensitive subject matters are discussed at the meeting even without written material being circulated.

iv) The meetings are usually held at the Company's Registered Office at New Delhi.

v) The members of the Board have complete access to all information of the Company.

c). **Recording of minutes of proceeding at the Board Meeting.**

The minutes of each Board meeting are submitted for confirmation at its next meeting after these are signed by the Chairman.

d). **Compliance**

Every officer while preparing agenda notes ensures adherence to all the applicable provisions of the law, rules, guidelines etc. The Company Secretary ensures compliance of all applicable provisions of the Companies Act, 2013.

Thirteen Board Meetings were held during the Financial Year 2017-18 on April 19, 2017, May 11, 2017, June 20, 2017, July 10, 2017, July 18, 2017, August 30, 2017, October 20, 2017, November 6, 2017, November 15, 2017, December 19, 2017, January 3, 2018, February 20, 2018 and March 21, 2018.

Details of number of Board meetings attended by Directors, attendance at last AGM, held by the Company during the year 2017-18 are tabulated below:

Sl. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	% of attendance of Board Meeting	Attendance at the last AGM
1	Shri K.K.Sharma [1]	7	7	100	Yes
2	Shri Tej Veer Singh	13	11	84.6	Yes
3	Shri S.S. Isser	13	11	84.6	Yes
4	Shri Sudhir Arya	13	13	100	Yes
5	Shri M.C. Jain	13	13	100	Yes
6	Shri Revti Raman [2]	6	3	50	No
7	Shri Ram Gopal [3]	11	11	100	Yes
8	Ms. A.Sathyabhama [4]	7	3	42.8	NA
9	Shri A.K.Mathur	13	4	30.7	Yes
10	Shri Saptarshi Roy [5]	5	5	100	NA*

*NA indicates that concerned person was not a Director on NSPCL'S Board on the relevant date.
1. Ceased to be Director w.e.f 31st October 2017
2. Ceased to be Director w.e.f 20th October 2017
3. Appointed as Director w.e.f 20th June 2017
4. Appointed as Director w.e.f 20th October 2017
5. Appointed as Director w.e.f 15th November 2017

Details of other Directorships & Membership/ Chairmanship of Committees of Directors are as follows:

Sl. No.	Name of Directors	No. of Other Directorships	No. of Committee membership*	
			As Chairman	As Member
1	Shri K.K.Sharma	8	-	-
2	Shri Tej Veer Singh	3	2	-
3	Shri S.S. Isser	-	-	2
4	Shri Sudhir Arya	6	1	1
5	Shri M.C.Jain	3	-	1
6	Shri Revti Raman	-	-	2
7	Shri Ram Gopal	-	-	2
8	Ms. A.Sathyabhama	-	1	-
9	Shri A.K.Mathur	-	-	1
10	Shri Saptarshi Roy	4	-	-

*Membership of only Audit Committee and CSR Committee has been considered.

1.5 Information placed before the Board of Directors, inter alia, includes:

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report etc.
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights.
- Major investments
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement etc.
- Short term investment of surplus funds.
- Other materially important information.

1.6 Remuneration of Directors

The Articles of Association of the Company have authorized the Board of Directors of the Company to determine the sitting fee payable to Directors who are not in active employment of either of the Promoters within the ceiling prescribed under the Companies Act, 2013. Accordingly, the Board decides the sitting fee payable to the Directors who are not in whole time employment with either of the Promoters. Presently, sitting fee of ₹ 10,000/- for each meeting of the Board/Committees of the Board constituted by the Board from time to time, is being paid to such Directors.

2. SUB-COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

i) Investment / Loan Sub- Committee.
ii) Audit Committee
iii) Contracts Sub-Committee
iv) HR/Remuneration Sub-Committee
v) Corporate Social Responsibility Committee
vi) Business Plan Committee
vii) DOP Committee
viii) Project Sub-Committee
ix) Enterprise Risk Management Committee
x) Share/Bonds Allotment Committee

2.1 Investment/ Loan Sub-committee

Consideration and approval of proposals for deployment of surplus funds of the Company with scheduled banks from time-to-time. Review of the existing sanctioned loans, scrutinizing any changes in the terms and conditions of the existing loans and approving the quantum of drawal of funds and to tie-up loans for any future requirement of funds as well as finalizing terms and conditions for the same.

The Committee comprised the following members as on March 31, 2018:

- Shri Sudhir Arya — Chairman
- Shri Tej Veer Singh — Director
- Shri M.C. Jain — Director
- Shri S.S.Isser — Director

The quorum for this meeting is 2 members with one representative of each Promoter.

Meetings and Attendance

Nine meetings of the Investment/ Loan Sub-Committee were held during the Financial Year 2017-18 on July 11, 2017, August 4, 2017, August 30, 2017, August 30, 2017, October 20, 2017, November 10, 2017, December 14, 2017, December 14, 2017 and March 15, 2018.

The details of meeting of Investment/ Loan Sub-Committee attended by the members are as under:-

Members of Investment/ Loan Sub-Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri K.K.Sharma[1]	5	3	60
Shri Tej Veer Singh	9	6	66.6
Shri Sudhir Arya	9	9	100
Shri M.C.Jain	9	9	100
Shri S.S.Isser[2]	3	2	66.6

1. Ceased to be Director w.e.f 31st October 2017
2. Appointed as member of the Committee w.e.f 15th November 2017

2.2 Audit Committee

The Audit Committee was constituted on March 17, 2007. The purpose of the Audit Committee is to review the status of all Audits and perform the following functions:

a). Review the reports of Comptroller & Auditor General (CAG) on Government Audit, statutory auditors and internal auditors and response thereto;

b). Review the adequacy of overall internal control systems and suggest improvements in the same;

c). Review compliance with various Statutes and assist in forming better corporate practices;

d). Review of quarterly, half-yearly and annual financial statements;

e). Review and determine the scope of work of internal auditors;

f). Noting appointment and removal of external auditors. Recommending the fixation of audit fee for external auditors and also approval of payment for any other services; and

g). Investigate into any matter in relation to the items specified above or referred to it by the Board.

The Committee comprised the following members as on March 31, 2018:

- Shri Sudhir Arya - Chairman
- Shri Tej Veer Singh - Director
- Shri M.C.Jain - Director
- Shri S.S.Isser - Director
- Shri Ram Gopal - Director
- Ms. A. Sathyabhama - Director

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

Meetings and Attendance

Nine meetings of the Audit Committee were held during the Financial Year 2017-18 on April 19, 2017, May 11, 2017, July 18, 2017, August 16, 2017, August 30, 2017, September 5, 2017, November 6, 2017, January 25, 2018 and March 15, 2018.

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

Members of Audit Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri Tej Veer Singh	9	6	66.6
Shri Sudhir Arya	9	9	100
Shri M.C.Jain	9	7	77.7
Shri Revti Raman[1]	6	2	33.3
Shri S.S.Isser[2]	2	1	50
Shri Ram Gopal[3]	2	1	50
Ms. A. Sathyabhama[4]	2	1	50

1. Ceased to be Director w.e.f 20th October 2017
2. Appointed as member of the Committee w.e.f 15th November 2017
3. Appointed as Director w.e.f 20th June 2017
4. Appointed as Director w.e.f 20th October 2017

2.3 Contracts Sub-Committee

The Contracts Sub-Committee was formed on March 17, 2007.

The Scope of work of the Contract Sub-Committee is as follows:

a) Approval of Award of contract for Works, Purchase and Service against the approved budget estimate up to ₹ 50 Cr. each.

b) Approval of or Award of Consultancy assignments up to a contract value of ₹ 2 Cr. each.

c) Post award aggregate net variations up to ₹ 2.5 Cr. in a contract.

d) Other delegations as approved by the Board of Directors from time to time.

The committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh - Chairman
- Shri Sudhir Arya - Director
- Shri S.S.Isser - Director
- Shri A.K.Mathur - Director
- Shri Ram Gopal - Director
- Ms. A.Sathyabhama - Director

The quorum for this meeting is 2 members with at least one representative of each Promoter.

Meetings and Attendance

Two meetings of the Contract Sub- Committee were held during the Financial Year 2017-18 on October 20, 2017, and February 20, 2018.

The details of meeting of Contract Sub- Committee attended by the members are as under:-

Members of Contract Sub-Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri K.K.Sharma[1]	1	1	100
Shri Tej Veer Singh	2	1	50
Shri Sudhir Arya	2	2	100
Shri S.S.Isser	2	2	100
Shri M.C.Jain[2]	1	1	100
Shri A.K.Mathur	2	0	0
Shri Ram Gopal[3]	1	1	100
Ms. A Sathyabhama[4]	1	1	100

1. Ceased to be Director w.e.f 31st October 2017
2. Appointed as a member of the committee w.e.f 1st March 2017
3. Appointed as Director w.e.f 20th June 2017
4. Appointed as Director w.e.f 20th October 2017

2.4 HR/Remuneration Sub-Committee

Major scope of work of the HR/Remuneration Sub-Committee:

a) To take decision with respect to posting, promotion, termination of service in accordance with the terms of appointment, review of terms of appointment, approval for weightage for service in respect of Executives at E7 level and transfer/acceptance of resignation in respect of Executive above E7 level.

b) To look into the wage revision related issues like salary/ pay and perquisites/ allowances etc. with respect to the employees of the Company including NTPC employees on Secondment to NSPCL and loans and advance with respect to the NSPCL Executive and put up its recommendation for the approval of the Board.

c) Settlement of grievance at stage III level in respect of all Executive.

d) Constitution of Selection Board for recruitment, approval of list of candidates to be called for interview, Selection of Panel and approval of appointment in respect of Executives at E7 and above as per sanctioned posts.

e) Formulation of performance related pay (PRP) / annual incentive scheme for employees on the rolls of the Company and recommend payment thereunder to the Board for approval.

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

g) Sponsoring employees for higher studies in India at Company cost as per approved policy.

h) Grant of study leave up to 3 years without pay and allowances.

i) Sanction of Expenditure in relaxation of norms & standards relating to Honorarium and fees to Faculties.

j) Sanction of Expenditure up to ₹15000/- per employee subject to an annual ceiling of ₹ 500000/- per plant/ project on awards / rewards/ mementoes to employees for outstanding performance and/ or accomplishment of exemplary tasks.

k) Sanction of expenditure on tour of press Representatives (Film/TV/Video Magazine team etc) to project and other area of operation.

l) Approval for Institutional membership of a Foreign professional institution.

m) Other delegations as approved by the Board of Directors from time to time.

n) To authorize an officer/executive one level below the approving authority in case the higher level post, though sanctioned, is not filled-up or operated. This authority shall be exercised to authorize E6 level executive/ officers for the subject identified in the DOP.

The Committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh -Chairman
- Shri Sudhir Arya -Director
- Shri Ram Gopal -Director
- Ms. A.Sathyabhama - Director

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

Meetings and Attendance

Eight meetings of the HR/ Remuneration Sub-Committee were held during the Financial Year 2017-18 on May 11, 2017, June 20, 2017, July 18, 2017, July 28, 2017, October 20, 2017, December 14, 2017, January 3, 2018 and March 15, 2018.

The details of meeting of HR/ Remuneration Sub-Committee attended by the members are as under:-

Members of HR/ Remuneration Sub-Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri K.K.Sharma[1]	5	5	100
Shri Tej Veer Singh	8	7	87.5
Shri Sudhir Arya	8	8	100
Shri Revti Raman[2]	4	2	50
Shri A.K.Mathur[3]	5	3	60
Shri T.B.Singh[4]	1	1	100
Shri Ram Gopal[5]	6	6	100
Ms. A.Sathyabhama[6]	3	1	33

1. Ceased to be Director w.e.f 31st October 2017
2. Ceased to be Director w.e.f 20th October 2017
3. Appointed as member of the Committee w.e.f 19th April 2017
4. Ceased to be Director w.e.f 31st May 2017
5. Appointed as Director w.e.f 20th June 2017
6. Appointed as Director w.e.f 20th October 2017

2.5 Corporate Social Responsibility (CSR) Committee

The CSR Committee was formed on November 26, 2013.

The Scope of work of the CSR Committee is as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the Act
- Recommend the amount of expenditure to be incurred on the activities referred to in the Act and
- Monitor the Corporate Social Responsibility Policy and compliance of various activities of the Company from time-to-time
- Approve the detailed CSR schemes for various projects.

The Committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh -Chairman
- Shri A.K. Mathur - Director
- Shri S.S.Isser - Director
- Shri Sudhir Arya - Director
- Ms. A.Sathyabhama - Director
- Shri Ram Gopal - Director

Meetings and Attendance

Two meetings of the Corporate Social Responsibility (CSR) Committee were held during the Financial Year 2017-18 on June 14, 2017 and October 10, 2017.

The details of meeting of Corporate Social Responsibility (CSR) Committee attended by the members are as under:-

Members of Corporate Social Responsibility (CSR) Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri Tej Veer Singh	2	1	50
Shri Sudhir Arya	2	2	100
Shri S.S.Isser	2	2	100
Shri Revti Raman	2	0	0
Shri A.K.Mathur	2	0	0
Shri Ram Gopal[1]	1	1	100
Ms. A.Sathyabhama[2]	0	0	0

1. Appointed as Director w.e.f 20th June 2017
2. Appointed as Director w.e.f 20th October 2017 and no meeting was held during her tenure

2.6 Business Plan Committee

The Business Plan Committee was formed on October 8, 2009 for finalization and evaluation of the Business Plan for the Company.

The Committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh -Chairman
- Shri Sudhir Arya -Director
- Shri M.C.Jain -Director
- Ms. A.Sathyabhama -Director
- Shri S.S.Isser -Director
- Shri A.K. Mathur -Director

Meetings and Attendance

Three meetings of the Business Plan Committee were held during the Financial Year 2017-18 on June 14, 2017, October 10, 2017 and December 14, 2017.

The details of meeting of Business Plan Committee attended by the members are as under:-

Members of Business Plan Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri Tej Veer Singh	3	2	66.6
Shri Sudhir Arya	3	3	100
Shri S.S. Isser	3	3	100
Shri M.C.Jain	3	3	100
Shri Revti Raman[1]	2	0	0
Shri A.K.Mathur	3	0	0
Ms. A.Sathyabhama[2]	1	0	0

1. Ceased to be Director w.e.f 20th October 2017
2. Appointed as Director w.e.f 20th October 2017

2.7 DOP Committee

The DOP Committee was formed on March 17, 2007.

The Scope of work of the DOP committee is to finalize the draft DOP for approval of the Board.

The Committee comprised the following members as on March 31, 2018:

- Shri Sudhir Arya - Chairman
- Shri S.S. Isser - Director
- Shri M.C.Jain - Director
- Shri A.K Mathur - Director

Meetings and Attendance

No meeting of the DOP Committee was held during the Financial Year 2017-18.

2.8 Project Sub-Committee

The Project Sub-Committee was formed on November 7, 2014.

The Scope of work of the Project Sub-Committee is as follow:

1. Expenditure towards various studies including Topographical Survey, Socio Economic Survey, Geo Technical Investigations, Detailed Environmental impact Assessment Studies, Hydrological Studies, Area Drainage Studies, Seismic Study, Oceanographic Study, Model Studies, Preparation of FR/DPR etc. and payment of fees/charges for statutory clearances, water/fuel linkages, financial appraisal & due diligence, Initial Community Development (ICD) expenditure etc. for each New/Expansion project Upto ₹ 5 Crore for each project.
2. To approve the FR/DPR after due diligence and financial appraisal of FR/DPR has been done by independent agency.
3. Approve advance expenditure for each project for which FR/DPR has been approved by the Project Sub-Committee

The Committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh - Chairman
- Shri Sudhir Arya - Director
- Ms. A.Sathyabhama - Director
- Shri Ram Gopal - Director

The quorum shall be 2 members comprising of at least one member each from both the Promoters.

Meetings and Attendance

Six meetings of the Project Sub-Committee were held during the Financial Year 2017-18 on April 19, 2017, May 11, 2017, July 10, 2017, July 18, 2017, August 30, 2017 and March 15, 2018.

The details of meeting of Project Sub-Committee attended by the members are as under:-

Members of Project Sub-Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri K.K.Sharma[1]	5	5	100
Shri Tej Veer Singh	6	5	83
Shri Sudhir Arya	6	6	100
Shri Revti Raman[2]	5	2	40
Shri A.K.Mathur[3]	5	3	60
Shri T.B. Singh[4]	1	1	100
Shri Ram Gopal [5]	4	4	100
Ms. A.Sathyabhama[6]	1	1	100

1. Ceased to be Director w.e.f 31st October 2017
2. Ceased to be Director w.e.f 20th October 2017
3. Appointed as Director w.e.f 1st March 2017
4. Ceased to be Director w.e.f 31st May 2017
5. Appointed as Director w.e.f 20th June 2017
6. Appointed as Director w.e.f 20th October 2017

2.9 Enterprise Risk Management Committee

The Enterprise Risk Management Committee was formed on March 16, 2015.

The Scope of work of the Enterprise Risk Management Committee is as follows:

- Review of risk portfolio and risk mitigation plans;
- Finalization of Risk assessment/ classification and risk prioritization of identified risks;
- Monitor and review risk management/mechanism as framed by Board
- Review proposed changes to the e-risk register
- Monitor implementation of risk management plan / mechanism.
- Take-up any other matter as directed by the Board from time to time.

The Committee comprised the following members as on March 31, 2018:

- Shri Tej Veer Singh - Chairman
- Shri S.S.Isser - Director
- Ms. A.Sathyabhama - Director
- Shri Ram Gopal - Director
- Shri P.K.Bondriya - CEO
- Shri N. Ghosh - CFO
- Shri G.K.Moorthy - GM(CA)

The quorum shall be 2 members comprising of at least one member each from both the Promoters.

Meetings and Attendance

Four meetings of the ERMC were held during the Financial Year 2017-18 on June 14, 2017, October 10, 2017, December 14, 2017 and March 15, 2018.

The details of meeting of ERMC attended by the members are as under:-

Members of ERMC	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri Tej Veer Singh	4	3	75
Shri S.S.Isser	4	3	75
Shri Revti Raman[1]	2	0	0
Shri Manash Sarkar[2]	3	2	66.6
Shri S.V.Shahi [3]	1	1	100
Shri G.K.Moorthy	4	2	50
Shri Ram Gopal[4]	3	3	100
Ms. A.Sathyabhama[5]	2	1	50
Shri P.K.Bondriya[6]	1	1	100
Shri N.Ghosh[7]	3	3	100

1. Ceased to be Director w.e.f 20th October 2017
2. Ceased to be member w.e.f 26th December 2017
3. Ceased to be member w.e.f 20th July 2017
4. Appointed as Director w.e.f 20th June 2017
5. Appointed as Director w.e.f 20th October 2017
6. Appointed as member of the Committee w.e.f 3rd January 2018
7. Appointed as member of the Committee w.e.f 21st July 2017

2.10 SHARE/BONDS ALLOTMENT COMMITTEE

The Share/Bonds Allotment Committee was formed on May 11, 2016.

The Scope of work of the Share/ Bonds Allotment Committee shall include allotment and transfer of shares and bonds.

The Committee comprised the following members as on March 31, 2018:

- Shri Sudhir Arya - Chairman
- Shri Tej Veer Singh - Director
- Shri M.C.Jain - Director
- Shri S.S.Isser - Director

Meetings and Attendance

Four meeting of the Share/Bonds Allotment Committee were held during the Financial Year 2017-18 on May 11, 2017, July 10, 2017, July 11, 2017 and December 19, 2017.

The details of meeting of ERMC attended by the members are as under:-

Members of Share/Bonds Allotment Committee	Meetings held during his tenure	Meetings attended	% of attendance at the meeting
Shri Tej Veer Singh	4	4	100
Shri Sudhir Arya	4	4	100
Shri S.S.Isser	4	2	50
Shri M.C.Jain	4	4	100

3. Means of Communication

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

4. Annual General Meeting

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

DM Plant NSPCL Rourkela

Date & time	September 23,2015 (16th AGM)	September 19,2016 (17th AGM)	1 EGM –March 2, 2017	July 18,2017 (18th AGM)
Time	1200 hrs	1400 hrs	1000 hrs	1230 hrs
Venue	4th Floor, NBCC Towers, 15, Bhikaiji Cama Place, New Delhi -110 066	4th Floor, NBCC Towers, 15, Bhikaiji Cama Place,New Delhi -110 066	Committee Room-2, 5th Floor , Core 7, NTPC Bhawan, SCOPE Complex, New Delhi-110003	4th Floor, NBCC Towers, 15, Bhikaiji Cama Place, New Delhi -110 066
Special Resolution passed	NIL	1. To Authorize the Board of Directors to borrow money including borrowing through issue of bonds for the purposes of the business of the Company (Capacity addition program) exceeding the paid-up capital and its free reserves of the Company, subject to a maximum ceiling of ₹ 5000 crore under section 180(1)(c) of the Companies Act, 2013.	**1. Conversion of NSPCL from Private Limited to Public Limited** pursuant to the provisions of Sections 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to change the status of the Company from a 'Private Limited Company' to a 'Public Limited Company' and the word 'Private' be deleted from the name of the Company. **2. Adoption of New Set of Articles** pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, the Articles of Association of the Company, a draft of which was placed before the meeting, duly initialed by the Company Secretary for the purpose of identification, be and is hereby adopted as the new set of Articles of Association. **3. Issue of Bonds by NSPCL** pursuant to the provisions contained in Section 42 and 71 and all other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Shares and Debentures) Rules, 2014 (including any other statutory modification or re-enactment thereof) the Board of Directors of the Company ("The Board") be and hereby authorized to make offer (s) or invitation to subscribe to the Secured, Redeemable, Non-Convertible, Taxable Debentures/Bond through private placement offer letter (s) prepared in conformity with PAS-4 of the Companies (Prospectus and Allotment of Securities) Rule, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and the Articles of Association of the Company during a period of one year from the date of passing of this resolution within the overall borrowing limits of the Company, as approved by members of the Company from time to time for the purposes of raising funds to refinance existing debt/ finance expansion projects in one or more tranches. pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013 as amended approval is hereby accorded to the Board of Directors of the Company to create a charge on the identified assets of the Company in favour of the Debenture Trustees appointed for the purposes for securing the above issue of privately placed Debentures/ Bonds of the aggregate face value of ₹1500 Crore subject to such terms and conditions as may be stipulated by the said Debenture Trustees.	**1. Borrowing Power of the Board** pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof) and necessary compliance of guidelines for External Commercial Borrowing of the Reserve Bank of India, the Board be and is hereby allowed to borrow from time to time , any sum(s) of money (including non-fund based facilities) whether rupee loan, borrowing through issue of bonds, foreign currency loan or other external commercial borrowings at their discretion for the purpose of the Business of the Company which together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business) exceed the aggregate of the paid-up share capital and free reserves of the Company provided that total amount so borrowed shall not at any time exceed ₹ 6500 Crore (Rupees Six thousand Five hundred crore only). **1. Creation of Charge on the Company's Assets** pursuant to provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof), the Board be and is hereby allowed to create such charges, mortgages and hypothecations in addition to existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future and in such form and manner as the Board may deem fit in favour of Banks / Financial Institutions / Agents / Trustees by whatever name called for securing the borrowings availed/to be availed by way of rupee/foreign currency loans, other external commercial borrowings and /or issue of debentures/bonds to be availed from any of the aforesaid lenders on such terms and conditions as may be mutually agreed with the lender(s) subject to the overall limits approved under Section 180(1)(c) of the Companies Act, 2013.

5. Dividend

Details of amount of dividend given by the Company for the last four years are as under:

Year	Paid-up Capital	Total Dividend	Date of AGM
2013-14	₹ 980.5 Crore	₹ 86.28 Crore	June 30, 2014
2014-15	₹ 980.5 Crore	₹ 80.00 Crore	September 23, 2015
2015-16	₹ 980.5 Crore	₹ 120.00 Crore	September 19, 2016
2016-17	₹ 980.5 Crore	₹ 140.00 Crore	July 18, 2017

6. Audit Qualification:

It is the Company's endeavour, always to present unqualified financial statements and the same has been achieved during this year too.

7. Code of Conduct for Board members and Senior Management personnel

The Company has in place Code of Conduct for Board Members and Senior Management Personnel in alignment with the Company's vision and values to achieve the mission and objectives and aiming at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Conduct is available on the website of the Company.

8. Whistle Blower Policy

The Company has in place a "Whistle Blower" policy. The same was adopted by the Board in its 121st Meeting held on March 24, 2014.

For and on behalf of Board of Directors

Sd/-

(Saptarshi Roy)
Chairman
DIN : 03584600

Date : September 26, 2018
Place : New Delhi

Night view NSPCL Rourkela

Annexure-V

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74899DL1999PLC098274
ii)	Registration Date	08/02/1999
iii)	Name of the Company	NTPC-SAIL POWER COMPANY LIMITED
iv)	Category / Sub-Category of the Company	Indian Non-Government Company
v)	Address of the Registered office and contact details	4TH FLOOR, NBCC TOWER, 15, BHIKAIJI CAMA PLACE,NEW DELHI - 110066
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited F-65, Okhla Industrial Area,Phase I, New Delhi- 110028

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Generation and transmission of electricity: coal based thermal power plants	40102	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

There is no Holding, Subsidiary and Associate Company.

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

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

i) Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	980500100	0	980500100	100	980500100	0	980500100	100	0
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-									
(2) Foreign									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**980500100**	**0**	**980500100**	**100**	**980500100**	**0**	**980500100**	**100**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**980500100**	**0**	**980500100**	**100**	**980500100**	**0**	**980500100**	**100**	**0**

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	NTPC Limited	490250050	50	0	490250050	50	0	0
2.	Steel Authority of India Ltd	490250050	50	0	490250050	50	0	0
	Total	**980500100**	**100**	**0**	**980500100**	**100**	**0**	**0**

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	980500100	100	980500100	100
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	-	No Change	-
3.	At the End of the year	980500100	100	980500100	100

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year				
2.	Date wise Increase / Decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3.	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel: NIL

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year				
2.	Date wise Increase / Decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Figures in ₹)

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7357594855	354764123		7712358978
ii) Interest due but not paid				0
iii) Interest accrued but not due	7716634	0		7716634
Total (i+ii+iii)	**7365311489**	**354764123**		**7720075612**
Change in Indebtedness during the financial year				
Addition	8107606278	-43664123		8063942155
Reduction	-6685490792			-6685490792
Net Change	**1422115486**	**-43664123**		**1378451363**
Indebtedness at the end of the financial year				
i) Principal Amount	8509295468	311100000		8820395468
ii) Interest due but not paid				
iii) Interest accrued but not due	278131507	--		278131507
Total (i+ii+iii)	**8787426975**	**311100000**		**9098526975**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: There is no Managing Director, Whole-time Directors and/or Manager in the Company.

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

B. Remuneration to other directors: No sitting fees was paid to Non-Executive Directors during FY 17-18.

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

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD **(Figures in ₹)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					
		CEO Manash Sarkar	CEO P.K. Bondriya	Company Secretary	CFO Shesh Vinay Shahi	CFO Niranjan Ghosh	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5303820	289375	2969870	3278437	2616999	14458501
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0	0	0	0
2.	Stock Option	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0		
4.	Commission - as % of profit - others, specify…	0	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0	0
	Total	**5303820**	**289375**	**2969870**	**3278437**	**2616999**	**14458501**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil. There are no such instances.

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty					
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN : 03584600

Date : September 26, 2018
Place : New Delhi

Annexure-VI

Information under Rule 5(2) of Chapter XII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, of top ten employees in terms of remuneration drawn during the Financial Year 2017-18 are as follows:

Sr. No.	Employee Name (Shri)	Designation	Total Remuneration (IN INR)	Nature of Employment	Qualification & Experience	Experience of Years	Date of commencement of employment	Age (in years)	Last employment held by such employee before joining the Company	% of Equity share capital held	Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager
1	Vinod Kumar Dassani	GM	73,72,683.00	On Secondment from NTPC	BE (Mech Engg)	37	11.11.1980 in NTPC & 14.04.2011 in NSPCL	59 yrs,	NIL	NIL	NO
2	Aloke Pal	AGM	73,45,049.00	On Secondment from NTPC	BE (Mech Engg), PG Diploma (Marketting Mgnt)	29	11.10.1988 in NTPC & 18.01.2001 in NSPCL	54 yrs	NIL	NIL	NO
3	Vijay Krishna Pandey	AGM	73,24,515.00	On Secondment from NTPC	B.Sc (Engg), Mech Engg, PG Diploma (Gen. Mgnt), Certificate (Proj Mgnt), MBA, Certificate (Enrgy Auditor)	40	11.01.1988 in NTPC & 15.04.2002 in NSPCL	52 yrs	NIL	NIL	NO
4	Jayanta Sen Sarma	AGM	70,18,450.00	On Secondment from NTPC	BE (Prod. Engg.)	35	02.09.1983 in NTPC & 03.12.2003 in NSPCL	57 yrs	NIL	NIL	NO
5	Kartik Chandra De	AGM	68,84,524.00	On Secondment from NTPC	BE (Mech. Engg.)	40	29.04.1988 in NTPC & 02.11.2006 in NSPCL & 04.05.2018 again in NTPC	59 yrs	The Durgapur Projects Ltd Trainee	NIL	NO
6	Ajoy Kumar Gupta	AGM	67,34,314.00	On Secondment from NTPC	BE (Elect. Engg)	32	09.09.1986 in NTPC, 31.07.2001 in NSPCL, 31.10.2006 in NTPC & 15.02.2014 in NSPCL	53 yrs	NIL	NIL	NO
7	Mathachan T A	AGM	67,19,800.00	On Secondment from NTPC	B. Tech (Elect Engg)	34	29.08.1984 in NTPC & 12.04.2014 in NSPCL	56 yrs	NIL	NIL	NO
8	Amit Gautam	AGM	67,07,686.00	On Secondment from NTPC	BE (Mech Engg), ME Thermal Engg.	20	12.10.1998 in NTPC & 01.01.2004 in NSPCL	59 Yrs	Tata Consultancy Engineer from 09.09.1980, NTPC Limited from 25.01.1985 & L&T-S&L from 25.07.1997	NIL	NO
9	Dipanwita Bhaumik	AGM	66,83,363.00	On Secondment from NTPC	B.Sc. Physics, B. Tech (Instrumentation)	31	01.09.1987 in NTPC & 27.06.2010 in NSPCL	56 yrs	NIL	NIL	NO
10	Subrata De	AGM	65,67,224.00	On Secondment from NTPC	BE (Elect Engg), M. Tech (Power Gen. Tech), Certificate (Energy Auditor)	32	09.09.1986 in NTPC & 18.08.2001 in NSPCL	54 yrs	NIL	NIL	NO

For and on behalf of Board of Directors

Sd/-
(Saptarshi Roy)
Chairman
DIN : 033584600

Date : September 26, 2018
Place : New Delhi

AGARWAL S. & ASSOCIATES
COMPANY SECRETARIES

119 & 127, Vardhman Star City Mall
Sector 7, Dwarka, New Delhi-110075
Email Id: sachinag1981@gmail.com
Phone:011-45052182; Mobile:9811549887

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

{Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
NTPC-SAIL Power Company Limited.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NTPC-SAIL Power Company Limited** (hereinafter called NSPCL/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the NSPCL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial period ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and Compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by NSPCL for the financial year ended on 31st March, 2018 according to the provisions of:

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; ***Not Applicable***

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; ***Not Applicable***

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; ***Not Applicable***

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; ***Not Applicable***

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; ***Not Applicable***

(f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; ***Not Applicable***

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; ***Not Applicable*** and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; ***Not Applicable***

(vi) *Compliances/ processes/ systems under other applicable Laws to the Company are not being verified by us.*

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

(a) Secretarial Standards issued by the Institute of Company Secretaries of India – *Generally complied with.*

(b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1. *Compliance of Section 149 (4) of the Companies Act, 2013 w.r.t. non-appointment of requisite number of Independent Directors on the Board of the Company.*
   Consequential non-compliances arising due to Non-appointment of Independent Directors on the Board of the Company:
   - *Compliance of the provisions of Section 177(2) w.r.t. to the composition of the Audit Committee.*
   - *Compliance of the provisions of Section 178(1) w.r.t. to the composition of the Nomination and Remuneration Committee.*
   - *Compliance of the provisions of Section 135(1) of the Companies Act, 2013 w.r.t. to the composition of the CSR Committee.*
   - *Compliance of Section 149 (8) read with Schedule IV (VII) and (VIII) of Companies Act, 2013 w.r.t. separate meeting of the Independent directors and performance evaluation of the directors.*
2. *Compliance of Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. Board approved Policy for Preservation of Documents of the Company.*

Agarwal S. & Associates
New Delhi
Company Secretaries

3. *Compliance of Section 134 (3) (p) of the Companies Act, 2013, the Company had not carried out the performance evaluation of the Directors.*

4. *Compliance of Section 205(1) (a) of the Companies Act, w.r.t. Compliance of Applicable Laws.*

We further report that the Board of Directors of the Company is required to be constituted as per the provisions of the Companies Act, 2013. During the period from 01.04.2017 to 20.10.2017, the Company does not have a woman director on its Board. Audit Committee, Nomination & Remuneration Committee and CSR Committee is required to be constituted as per the provisions of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All the decisions made in the Board/Committee meeting(s) were carried out with unanimous consent of all the Directors/Members present during the meeting and dissent, if any, have been duly incorporated in the Minutes.

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

We further report that during the audit period, the Company issued 5,000 nos. of Bonds of Rs. 10,00,000/- each on 11th July, 2017 and Company has listed it's bonds with BSE Limited on 18th, July 2017.

For **Agarwal S. & Associates,**
Company Secretaries,

Agarwal S. & Associates New Delhi Company Secretaries

Anuradha

CS Anuradha Jain
Partner
ACS No. : 36639
C.P. No. : 14180

Date: August 10, 2018
Place: New Delhi

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

"Annexure A"

To,
The Members,
NTPC-SAIL Power Company Limited

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

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

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

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

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

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

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

For **Agarwal S. & Associates,**
Company Secretaries,

Agarwal S. & Associates Company Secretaries New Delhi

Anuradha

CS Anuradha Jain
Partner
ACS No. : 36639
C.P. No. : 14180

Date: August 10, 2018
Place: New Delhi

BALANCE SHEET AS AT

₹ in Lakhs

PARTICULARS	NOTE NO.	31.03.2018	31.03.2017
ASSETS			
Non-current assets			
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	-	-
Financial assets			
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
Total non-current assets		**278919.38**	**220260.81**
Current Assets			
Inventories	12	10189.54	13953.43
Financial assets			
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
Total current assets		**80760.83**	**92566.27**
TOTAL ASSETS		**359680.21**	**312827.08**
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	21	98050.01	98050.01
Other equity	22	120370.86	99301.14
Total equity		**218420.87**	**197351.15**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
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
Total non-current liabilities		**82099.05**	**73456.44**
Current liabilities			
Financial liabilities			
Borrowings	29	17074.71	23147.32

₹ in Lakhs

PARTICULARS	NOTE NO.	31.03.2018	31.03.2017
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
Total current liabilities		**59160.29**	**42019.49**
TOTAL EQUITY AND LIABILITIES		**359680.21**	**312827.08**
Contingent Liability	35	6816.80	7309.12
Significant accounting policies	1		
The accompanying notes 1 to 68 form an integral part of these financial statements.			

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(Niranjan Ghosh)**	**(P.K.Bondriya)**	**(Tej Veer Singh)**	**(Saptarshi Roy)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	Chairman

As per our report of even date

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

Sd/-
(Pradeep Mukherjee)
Partner
Membership No.070693

Place : New Delhi
Date : 21.05.2018

Panaromic View Bhilai Expansion Project

STATEMENT OF PROFIT AND LOSS

₹ in Lakhs

PARTICULARS	NOTE NO.	For the year ended 31.03.2018	For the year ended 31.03.2017
Revenue			
Revenue from operations	36	260217.35	252631.01
Other income	37	4228.30	10409.40
Total Revenue		**264445.65**	**263040.41**
Expenses			
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
Total expenses		**229980.32**	**219480.27**
Profit before tax		**34465.33**	**43560.14**
Tax expense			
Current Tax			
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)
Total tax expense		**1293.84**	**4673.36**
Profit for the year		**33171.49**	**38886.78**
Other comprehensive income			
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
Other comprehensive (income) / Expenses for the year, net of income tax		**68.68**	**208.48**
Total comprehensive income for the year		**33102.81**	**38678.30**
Expenditure during construction period (net)	43	5098.38	2242.02
Earnings per equity share (Par value ₹ 10/- each)			
Basic & Diluted (₹)		3.38	3.97
Significant accounting policies	1		
The accompanying notes 1 to 68 form an integral part of these financial statements.			

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(Niranjan Ghosh)**	**(P.K.Bondriya)**	**(Tej Veer Singh)**	**(Saptarshi Roy)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	Chairman

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

Sd/-
(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	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	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)	20,445.70	(339.55)	17,426.02
	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)	21,357.02	(16,696.16)	(21,707.72)
	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.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	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)	(15,628.46)	(11,877.77)
	Net Cash Used in Investing Activities - B		**(77,025.25)**		**(11,877.77)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long Term Borrowing	81,076.06		25,325.85	
	Repayment of Long Term Borrowings	(69,995.70)		(23,326.40)	

₹ in Lakhs

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
Interest paid	(4,196.50)		(7,734.92)	
Dividend paid	(10,000.00)		(14,000.00)	
Tax on dividend	(2,035.87)	(5,152.00)	(2,850.07)	(22,585.54)
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)**

Reconciliation of Cash & Cash Equivalents	31.03.2018	31.03.2017
Note 15 - Cash & Cash Equivalents	4,344.46	514.37
Note 16 - Other Bank Balances	19,552.07	38,002.07
Total	**23,896.53**	**38,516.44**

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.

₹ in Lakhs

Particulars	Long-term borrowings	Short-term borrowings	Interest on borrowings
Opening balance as at 1 April 2017	77,123.59	-	77.17
Loan drawals/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**

Sd/-
(Umang Vats)
Company Secretary

Sd/-
(Niranjan Ghosh)
Chief Finance Officer

Sd/-
(P.K.Bondriya)
Chief Executive Officer

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(Tej Veer Singh)
Director

Sd/-
(Saptarshi Roy)
Chairman

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

Sd/-
(Pradeep Mukherjee)
Partner
Membership No.070693

Place : New Delhi
Date : 21.05.2018

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

For the year ended 31st March 2018

₹ in Lakhs

Balance as at 1st 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 ₹ in Lakhs

Particulars	Reserves & Surplus							Items of other comprehensive income		Total
	Capital reserve	Securities premium accunt	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)
Total Comprehensive Income	**-**		**-**	**-**	**-**	**2,630.98**	**1,30,051.08**	**(278.11)**	**-**	**1,32,403.95**
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							-			-
Balance as at 31 March 2018	**-**		**9,600.00**	**2.78**	**-**	**2,630.98**	**1,08,415.21**	**(278.11)**	**-**	**1,20,370.86**

Sd/-
(Umang Vats)
Company Secretary

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

Sd/-
(Pradeep Mukherjee)
Partner
Membership No.070693

Place : New Delhi
Date : 21.05.2018

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)	Kutcha Roads	2 years
b)	Enabling works	
	– residential buildings	15 years
	– internal electrification of residential buildings	10 years
	– non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 years
c)	Personal computers & laptops including peripherals	3 years
d)	Photocopiers, fax machines, water coolers and refrigerators	5 years
e)	Temporary erections including wooden structures	1 year
f)	Telephone exchange	15 years
g)	Wireless systems, VSAT 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 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.

NSPCL Durgapur

₹ in Lakhs

Note 2 : Non-current assets- Property Plant and Equipment	Gross Block				Depreciation				Netblock	Netblock
	AS AT	Addition	Adjustment	AS AT	AS AT	Addition	Adjustment	AS AT	AS AT	AS AT
	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
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	791.86
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.

₹ in Lakhs

Note 3 : Non-current assets- Capital Work in Progress	AS AT 01.04.2017	Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	AS AT 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)	-	-
Total :	**22036.74**	**76966.23**	**3338.30**	**5324.33**	**90340.33**

NSPCL Rourkela

₹ in Lakhs

Note 4 : Non-current assets- Intangible Assets	Gross Block				Depreciation				Netblock	Netblock
	AS AT	Addition	Adjustment	AS AT	AS AT	Addition	Adjustment	AS AT	AS AT	AS AT
	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
TOTAL :	**1094.86**	**44.96**	**-**	**1139.81**	**721.88**	**313.20**	**-**	**1035.08**	**104.73**	**372.97**

₹ in Lakhs

Note 5 : Non-current assets- Intangible Assets Under Development	AS AT 01.04.2017	Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	AS AT 31.03.2018
Software	-	49.65	-	49.65	-
Total :	**-**	**49.65**	**-**	**49.65**	**-**

Note No. 7 to the Financial Statements
Non-current financial assets- Trade Receivables

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Trade Receivables		
Unsecured considered good	-	
Unsecured considered doubtful	3317.84	-
	3317.84	**-**
Less : Provision for doubtful receivables	3317.84	-
Total	**-**	**-**

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 (31st March 2017 : ₹ 2.65 Lakhs)

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

Employee loans are secured against house property and Vehicles.

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
Total	**27358.27**	**25508.41**

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'.

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
	2361.10	**1621.22**
Deferred payroll expense*	720.48	594.41
Regulatory assets	280.60	124.43
Total	**3944.22**	**2392.73**

* 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.

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
	10240.31	**13972.63**
Less: Provision for shortages / Adjustment	34.80	0.76
Provision for obsolete/unserviceable items	15.97	18.44
Total	**10189.54**	**13953.43**

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.

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**	**-**

Note No. 14 to the Financial Statements

Current financial assets - Trade receivables

₹ in Lakhs

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

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”)

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
Total	**19552.07**	**38002.07**

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
Total	**579.48**	**709.88**

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.

Note No. 18 to the Financial Statements
Current assets - Other financial assets

₹ in Lakhs

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

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.

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
Total	**21354.96**	**19591.90**

* 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.

Note No. 21 to the Financial Statements
Equity share capital

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Authorised		
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
Issued, subscribed and fully paid up		
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
Total	**98050.01**	**98050.01**

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.

Note No. 22 to the Financial Statements
Other equity

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Fly ash utilisation rfsrnc fund		
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)
	2.78	-
Corporate social responsibility (CSR) reserve		
As per last financial statements	-	427.47
Addition during the year	-	-
Adjustment/Transfer to Retained Earning	-	(427.47)
	-	-
General reserve		
As per last financial statements	2630.98	2630.98
Addition during the year	-	-
Adjustment during the year	-	-
	2630.98	2630.98
Bond Redumption Reserve		
As per last financial statements	-	-
Addition during the year	9600.00	-
Adjustment during the year	-	-
	9600.00	-
Retained earnings		
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 Redumption Reserve	(9600.00)	-
Transfer from Bond Redumption Reserve	-	-
Transfer from CSR Reserve	-	427.47
DIvidend paid	(10000.00)	(14000.00)
Tax on dividend paid	(2035.87)	(2850.08)
	108137.10	96670.16
Total	**120370.86**	**9930.14**

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 leve 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 1akhs), has been trensferred 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 protits or 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 (Rerer Note 57 for detais) (31 March 2017: ₹ 1032.81 lakhs).

d) In accordance with applicable provisions or the Companies Act, 2013 read with Rules, the Comnany has created Debenture Redemption Reserve (DRR) out or 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

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
Total	**71129.25**	**53976.27**

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.

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
Total	**2297.72**	**3036.42**

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
Total	**2190.37**	**3588.16**

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

Note No. 27 to the Financial Statements
Non-current liabilities - Deferred tax liabilities (net)

₹ in Lakhs

AS AT	31.03.2018	31.03.2017
Deferred Tax Liabilities		
Difference in book depreciation and tax depreciation	38449.30	40093.86
Employee loan adjustment	314.86	249.85
Less: Deferred Tax Assets		
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
Total	**2680.17**	**9353.34**

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

₹ in Lakhs

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
Tax assets/(liabilities)	**(10,475.48)**	**6,673.17**	**(3,802.31)**
Recoverable from Beneficiary prior to 31.03.2009	1,122.14	-	1,122.14
Tax assets/(liabilities)	**(9,353.34)**	**6,673.17**	**(2,680.17)**

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
Total	**3801.54**	**3502.25**

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.

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.

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
Total	**22114.48**	**8549.12**

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
Total	**5511.97**	**338.27**

* 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
Provision for		
Employee benefits	3793.76	1251.52
Tariff adjustment	1505.65	585.41
Total	**5299.41**	**1836.93**

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.

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**

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
Total	**6816.80**	**7309.12**

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

Note No. 36 to the Financial Statements
Revenue From Operations

₹ in Lakhs

FOR THE PERIOD ENDED		31.03.2018	31.03.2017
Energy Sales	1,57,607.43		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
		252911.05	**244348.82**
Less: Rebates to Customers		2352.39	2039.13
		250558.66	**242309.69**
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
Total		**260217.35**	**252631.01**

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.

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)	2.78		0.83
		-	-
Income Tax Refunds		-	755.20
Income From Current Investments		399.53	339.55
			-
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	-
Total		**4228.30**	**10409.40**

* 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.

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**

TG Floor Bhilai CPP - II

Control Room Bhilai Expansion Project

Note No. 39 to the Financial Statements
Employee Benefits Expense

₹ in Lakhs

FOR THE PERIOD ENDED	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
Total	**18208.93**	**16351.73**

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.

Note No. 40 to the Financial Statements
Finance Costs

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Interest On		
Rupee Term Loans	7023.55	7507.49
Others	-	563.94
Unwinding of discount on account of vendor liabilities	10.34	27.57
	7033.89	**8099.00**
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
Sub total	**7308.61**	**8346.66**
Less : Transferred to expenditure during construction period (Note 43)	3189.27	694.99
Total	**4119.34**	**7651.67**

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
Total	**15037.94**	**14720.01**

Note No. 42 to the Financial Statements
Other Expenses

₹ in Lakhs

FOR THE PERIOD ENDED		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
		86.25		206.87
Water charges		3634.27		3940.41
Stores consumed		359.80		365.70
Rent	57.94		62.60	62.60
Less: Recoveries	-		-	-
		57.94		62.60
Repairs & maintenance				
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
		230.00		201.41
Communication expenses		222.52		230.90
Travelling expenses		815.92		804.66
Tender expenses	111.43		68.32	68.32
Less: Receipt from sale of tenders	4.39		2.50	2.50
		107.04		65.82
Payment to auditors		17.64		13.65
Advertisement and publicity		18.97		23.43
Electricity duty		21973.96		21564.65
Parallel operation charges		534.62		498.56
Security expenses		2951.90		2639.68
Entertainment expenses		118.46		94.82
Expenses for guest house	83.99		53.51	53.51
Less: Recoveries	4.15		2.57	2.57
		79.84		50.94
Education expenses		1.08		1.28
Ash utilisation & marketing expenses		756.69		547.61
Professional charges and consultancy fee		1036.38		779.69
Legal expenses		65.16		34.86
EDP hire and other charges		333.08		267.93
Printing and stationery		29.17		25.39
Hiring of vehicles		315.34		263.13
Horticulture expenses		126.18		117.38
Hire charges of construction equipments		-		-
Loss on disposal of fixed assets (Net)/Write-off of fixed assets		158.78		178.46

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Survey and investigation expenses written off	84.13	165.18
Miscellaneous expenses	101.54	173.31
	46856.10	**46521.92**
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
	1572.23	**1594.25**
Corporate Social Responsibility (CSR) expense	814.88	922.69
Provisions for		
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
	3514.86	**4165.31**
Total	**49613.61**	**50015.67**
Details in respect of payment to auditors as Auditors		
Audit Fee	8.90	7.00
Tax Audit Fee	2.75	2.75
In Other Capacity		
Other services (certification fee)	0.70	-
Reimbursement of expenses & Others	2.65	2.13
Reimbursement of Goods & Service Tax	2.64	1.77
Total	**17.64**	**13.65**

Panoramic view NSPCL Rourkela

Note No. 43 to the Financial Statements
Expenditure During Construction Period (net)

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
A. Employee benefits expense		
Salaries and wages	842.57	319.76
Contribution to provident and other funds	27.89	30.41
Staff welfare expenses	26.72	13.41
Total (A) (Note 39)	**897.18**	**363.58**
B. Finance costs		
Interest on Rupee term loans	3140.27	690.54
Others	49.00	4.45
Total (B) (Note 40)	**3189.27**	**694.99**
C. Depreciation and amortisation (Note 41)	**70.68**	**10.87**
D. Generation, administration & other expenses		
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
Total (D) (Note 42)	**971.06**	**1172.58**
E. Less: Other income		
Interest on term deposit	24.38	-
Interest on employee loan	3.67	-
Miscellaneous income	1.76	-
Total (E) (Note 37)	**29.81**	**-**
Grand total (A+B+C+D-E)	**5098.38**	**2242.02**

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

₹ in Lakhs

FOR THE PERIOD ENDED	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	31.03.2018	31.03.2017
Profit before tax	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**

(B) MAT Credit Available to the Company in Future:

₹ in Lakhs

AS AT	31.03.2018	Expiry date	31.03.2017	Expiry date
Financial years				
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.

45. Disclosure as per Ind AS 33 on 'Earnings per Share'

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Basic and diluted earnings per share (₹)		
From operations	3.38	3.97
Total (₹)	**3.38**	**3.97**
Nominal value per share (₹)	10.00	10.00

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Profit attributable to equity shareholders		
From operations	33,171.49	38,886.78
Total	**33,171.49**	**38,886.78**

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Weighted average number of equity shares		
Opening balance of issued equity shares	980500100	980500100
Effect of shares issued during the year, if any	-	-
Weighted average number of equity shares for Basic and Diluted EPS	**980500100**	**980500100**

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 X (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 acturial 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:

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Net defined benefit (asset)/liability :		
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

₹ in Lakhs

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
FOR THE PERIOD ENDED	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**	**31.03.2018**	**31.03.2017**
Opening balance	2,627.35	1,932.91	1,940.47	1,860.64	686.87	72.27
Included in statement of profit and loss:						
Current service cost	187.08	175.23	-	-	187.08	175.23
Past service cost	-	331.75	-	-	-	331.74
Interest cost (income)	197.05	154.63	145.54	154.63	51.52	-
Total amount recognised in statement of profit and loss	**384.13**	**661.61**	**145.54**	**154.63**	**238.60**	**506.97**
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions						
Financial assumptions	46.67	113.53	-	-	46.67	113.53
Experience adjustment	(52.84)	68.45	-	-	(52.84)	68.45
Return on plan assets excluding interest income	-	-	23.52	2.08	(23.52)	(2.08)
Total amount recognised in OCI	**(6.17)**	**181.98**	**23.52**	**2.08**	**(29.69)**	**179.90**
Others						
Contributions paid by the employer	-	-	118.41	72.27	(118.41)	(72.27)
Benefits paid	(134.17)	(149.15)	(134.17)	(149.15)	-	-
Total	**(134.17)**	**(149.15)**	**(15.77)**	**(76.88)**	**(118.41)**	**(72.27)**
Closing balance	**2,871.15**	**2,627.35**	**2,093.76**	**1,940.47**	**777.38**	**686.87**

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:

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Net defined benefit (asset)/liability :		
Post-Retirement Medical Facility (PRMF)	1,005.08	813.86
Non-current	978.84	793.00
Current	26.24	20.86

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

₹ in Lakhs

FOR THE PERIOD ENDED	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
Opening balance	813.86	686.65	692.03	-	121.83	686.65
Included in statement of profit and loss:						
Current service cost	48.75	41.06	-	-	48.75	41.06
Past service cost						
Interest cost (income)	61.04	54.74	50.85	41.81	10.19	12.92
Total amount recognised in statement of profit and loss	**109.79**	**95.79**	**50.85**	**41.81**	**58.94**	**53.98**
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions						
Financial assumptions	55.97	66.32	-	-	55.97	66.32
Experience adjustment	84.67	15.21	-	-	84.67	15.21
Return on plan assets excluding interest income			15.66	3.61	(15.66)	(3.61)
Total amount recognised in other comprehensive income	**140.64**	**81.53**	**15.66**	**3.61**	**124.98**	**77.92**
Other						
Contributions paid by the employee	-	-	6.35	10.07	(6.35)	(10.07)
Contributions paid by the employer	-	-	121.83	686.65	(121.83)	(686.65)
Benefits paid	(59.21)	(50.11)	(59.21)	(50.11)	-	-
Total	**(59.21)**	**(50.11)**	**68.97**	**646.60**	**(128.18)**	**(696.72)**
Closing balance	**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.

Wagon Tippler Expansion Bhilai

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Provident Fund		
Present value of obligation as at year end	12,321.49	10,767.39
Fair value of plan assets as at year end	12,426.53	10,996.96
Surplus/(Deficit)	**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:

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018	31.03.2017
Net defined benefit (asset)/liability :		
Terminal Benefits	198.74	172.79
Non-current	187.82	163.05
Current	10.92	9.74

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

₹ in Lakhs

FOR THE PERIOD ENDED	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
Opening balance	172.79	136.09	-	-	172.79	136.09
Included in profit or loss:						
Current service cost	25.94	24.74	-	-	25.94	24.74
Past service cost						
Interest cost (income)	12.96	10.89	-	-	12.96	10.89
Total amount recognised in profit or loss	**38.90**	**35.63**	**-**	**-**	**38.90**	**35.63**
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						
Total amount recognised in other comprehensive income	**(7.99)**	**7.22**	**-**	**-**	**(7.99)**	**7.22**
Other						
Contributions paid by the employer					-	-
Benefits paid	(4.96)	(6.15)	-	-	(4.96)	(6.15)
Total	**(4.96)**	**(6.15)**	**-**	**-**	**(4.96)**	**(6.15)**
Closing balance	**198.74**	**172.79**	**-**	**-**	**198.74**	**172.79**

OTHER DISCLOSURES

a. Plan assets

Plan assets comprise the following

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2018			31.03.2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
State government securities	172.96	-	172.96	24.27	-	24.27
Central government securities	109.64	-	109.64	109.64	-	109.64
Corporate bonds/debentures	673.08	-	673.08	673.08	-	673.08
Funds managed by insurer	1,988.68	-	1,988.68	1,835.41	-	1,835.41
Bank balance	28.79	-	28.79	29.59	-	29.59
Other receivables	-	-	-	-	-	-
	2,973.16	**-**	**2,973.16**	**2,671.99**	**-**	**2,671.99**

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 PRM-F,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

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
31 March 2018					
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
Total	**441.10**	**153.18**	**440.33**	**3,040.34**	**4,074.95**

	less than 1 Year	Between 1-2 Year	Between 2-5 Years	Over 5 Years	Total
31 March 2017					
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
Total	**289.58**	**373.69**	**429.29**	**2,519.43**	**3,611.98**

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.

₹ in Lakhs

	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
Total minimum lease payments	**700.99**	**292.93**	**739.27**	**278.47**
Less amounts representing finance income	408.06		460.80	
Present value of minimum lease payments	**292.93**	**292.93**	**278.47**	**278.47**

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 catagory

₹ in Lakhs

Particulars	31 .03.2018			31 .03.2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTO-CI	Amortised Cost
Financial assets						
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
Total	**-**	**-**	**68,419.85**	**-**	**-**	**85,871.70**
Financial liabilities						
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
Total	**-**	**-**	**1,21,324.32**	**-**	**-**	**96,546.98**

(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
Financial assets:				
Loans	-	2,775.23	-	2,775.23
Claims recoverable	-	-	0.73	0.73
Finance lease receivables	-	-	29,292.08	29,292.08
Total	-	**2,775.23**	**29,292.82**	**32,068.05**
Financial liabilities:				
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
Total	**-**	**56,541.67**	**57,354.87**	**1,13,896.54**

₹ 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
Financial assets:				
Loans	-	2,158.80	-	2,158.80
Claims recoverable	-	-	64.85	64.85
Finance lease receivables	-	-	27,845.98	27,845.98
Total	**-**	**2,158.80**	**27,910.83**	**30,069.63**
Financial liabilities:				
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
Total	**-**	**28,387.66**	**63,313.47**	**91,701.13**

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 value

- Fair value of finance lease receivables is determined by priodically 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
Financial assets				
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
Total	**31,483.13**	**32,068.05**	**29,963.06**	**30,069.63**
Financial liabilities				
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
Total	**1,14,218.27**	**1,13,896.54**	**90,303.77**	**91,701.13**

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 priodically 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.

Risk	Exposure arising from	Measurement	Management
(a) Credit Risk	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) Liquidity risk	Borrowings and other liabilities	Monitoring Receipt & Payment	Keeping Two Month Working Capital
(c) Market risk – interest rate risk	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
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
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	9765.58	-
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
Total	**75,651.71**	**78,757.06**
Trade receivables	2,533.72	7,114.64
Total	**2,533.72**	**7,114.64**

(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:

₹ in Lakhs

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:

₹ in Lakhs

	Investments	Trade receivables	Loans	Advances	Claims recoverable	Total
Balance as at 1 April 2017	-	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
Balance as at 31 March, 2018	**-**	**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
Fixed-rate borrowings		
Term loans	1,00,000.00	1,00,000.00
Cash Credit Facility	26,500.00	26,500.00
Floating-rate borrowings		
Term loans	68,681.18	41,481.00
Total	**1,95,181.18**	**1,67,981.00**

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(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

31 March 2018

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
Non-derivative financial liabilities						
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
Total	**36,358.38**	**17,011.20**	**5,194.19**	**53,701.55**	**15,022.51**	**1,27,287.83**

31 March 2017

₹ 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
Non-derivative financial liabilities						
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
Total	**2,656.91**	**38,579.06**	**23,341.49**	**14,866.28**	**17,750.85**	**97,195.25**

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:

₹ in Lakhs

Particulars	31.03.2018	31.03.2017
Fixed Rate Borrowings		
Fixed Rate Rupee term loans	50,000.00	26,557.14
Total	**50,000.00**	**26,557.14**
Variable-rate Borrowings		
Rupee term loans	38,203.95	50,566.45
Total	**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
31 March 2018		
Rupee term loans	(382.04)	382.04
Total	**(382.04)**	**382.04**
31 March 2017		
Rupee term loans	(505.66)	505.66
Total	**(505.66)**	**505.66**

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:

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

ii) **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

₹ in Lakhs

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
Segment revenue						
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
Total					**2,64,445.64**	**2,63,040.41**
Segment result	43,181.11	47,584.54	12,059.67	8,344.63	55,240.77	55,929.17
Unallocated corporate Results		-		-	(1,618.16)	10,002.65
Interest expenses	3,205.26	5,961.75	884.99	1,102.37	4,090.25	7,064.12
Unallocated corporate Interest expenses		-		-	29.09	587.55
Depreciation and amortization	13,651.02	13,575.10	890.24	587.49	14,541.26	14,162.59
Unallocated corporate Depreciation & amortization					496.68	557.42
Income Tax		-		-	3,930.88	5,731.47
Deferred Tax		-		-	(2,637.04)	(1,058.11)
Profit after tax	**26,324.83**	**28,047.68**	**10,284.43**	**6,654.77**	**33,171.49**	**38,886.77**

₹ in Lakhs

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
Segment assets	1,72,829.14	1,79,206.01	47,617.61	47,367.68	2,20,446.74	2,26,573.69
Unallocated corporate and other assets	-	-	-	-	39,468.83	54,331.18
Total assets	**1,72,829.14**	**1,79,206.01**	**47,617.61**	**47,367.68**	**2,59,915.57**	**2,80,904.87**
Segment liabilities	15,103.73	9,404.62	5,490.32	5,318.16	20,594.04	14,722.78
Unallocated corporate and other liabilities					1,03,951.83	98,022.03
Total liabilities	**15,103.73**	**9,404.62**	**5,490.32**	**5,318.16**	**1,24,545.88**	**1,12,744.81**
Non-cash expenses other than depreciation	1,219.62	4,164.83	2,329.27	0.48	3,548.89	4,165.31

Note :

i) 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.

ii) The Company has not disclosed geographical segments as operations of the Company are mainly carried out within the country.

C. Information about major customers

i) 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.

ii) Revenue in case of PP-II Units viz, Rourkela, Durgapur & Bhilai Comes from Single Customer Viz, SAIL.

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

A) Related parties:

i) <u>Jointly Controlled by Government Entities</u>

NTPC and SAIL with 50% shareholding of each Company

ii) <u>Joint Venture & Subsidiary of Promoters Company NTPC</u>

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.

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	-	-
Total Compensation to Key management personnel	**115.63**	**126.15**
-Outstanding loan Balance	11.61	2.90

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
Other Transaction with Trust (Payment)		
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
Other Transaction with Trust (Receipt)		
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 COLLERIES 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
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 31st March 2018	As at 31st 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	
Total : Amount Recoverable	**24,159.36**	**22,256.43**

₹ in Lakhs

Amount Payable	As at 31st March 2018	As at 31st 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
NVNN (VENDOR)	-	4.77
MMTC LTD	972.63	
THE SINGARENI COLLERIES COMPANY LIMITED	95.14	
POWER GRID CORPORATION OF INDIA LTD	18.78	0.38
Total : Amount Payable	**5,593.82**	**1,666.35**

J) Terms and conditions of transactions with the related parties

(I) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.

(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)
Carrying amount at the end of the year	**1,505.65**	**585.42**	**3,322.14**	**1,034.88**	**4,827.79**	**1,620.30**

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.

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	-	-

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
C. Total (A+B)	**648.99**	**1,031.02**
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.

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.

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.

64(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.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(Umang Vats)	**(Niranjan Ghosh)**	**(P.K.Bondriya)**	**(Tej Veer Singh)**	**(Saptarshi Roy)**
Company Secretary	Chief Finance Officer	Chief Executive Officer	Director	Chairman

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

Sd/-
(Pradeep Mukherjee)
Partner
Membership No.070693

Date : 21st May, 2018
Place : New Delhi

INDEPENDENT AUDITORS' REPORT

To the Members of

NTPC-SAIL Power Company Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of NTPC-SAIL Power Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditors' responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its profit, other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 'A'**, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books

and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure 'B'** on the directions issued by Comptroller and Auditor General of India.

3. As required by section 143(3) of the Act, we report that:

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

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

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

d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e. As per the Notification No. GSR 463(E) dated 5,1, June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company being a joint venture of two Government Companies.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'C'.**

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

1) The Company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statement. (Refer Note No. 35 to the Ind AS financial statement)

2) In our opinion and to the best of our information and explanations given to us, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

3) In our opinion and to the best of our information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Amit Ray & Co
Chartered Accountants
FRN -000483C

Sd/-
Pradeep Mukherjee
Partner
Membership No.-070693

Date: 21st May, 2018
Place: New Delhi

Control Room Bhilai Expansion Project

ANNEXURE -'A' to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of NTPC-SAIL Power Company Limited on the Ind AS financial statements for the year ended 31st March 2018

(i) In Respect of Companies fixed assets:

(a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) There is a regular programme of physical verification of all fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Physical verification of fixed assets has been done at all the units of the company during the year. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title/lease deeds of all the immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified at reasonable intervals by the management. No material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the clause (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the order are not applicable to the Company.

(iv) The Company has not granted any loans or made any investment or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. Therefore the provision of clause (v) of the paragraph 3 & 4 of the order are not applicable.

(vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost record under Sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determining whether they are accurate and complete;

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the records of the Company and explanation given to us, there are disputed dues of Income Tax, Service Tax, Entry tax and Cess aggregating to ₹ 4594.18 Lakhs which have not been deposited on account of matters pending before appropriate authorities. The details of the disputed dues as at 31st March, 2018 are mentioned hereunder:

Name of The Statute	Nature of Dues	Amount (₹ in Lakhs)	Period	Forum Before Which Dispute is Pending
Income Tax Act, 1961	Income Tax			
		235.55	A.Y 2007-08	Supreme Court
		923.94	A.Y 2009-10	Delhi High Court
		11.51	A.Y 2011-12	ITAT, New Delhi
Finance Act, 1994	Service Tax including Interest and penalty	3276.5	2004-18	High Court of Kolkata and Orissa
		27.87	2018	Additional Commissioner of Central Excise & Service Tax Commissionerate, Kolkata
Odisa Entry Tax,1999	Entry Tax Penalty	99.55	FY 2014-18	Sales Tax Tribunal Odisha
Employee State Insurance Act, 1948	ESI	19.26	FY 2008-09 & 2011-12	Kolkata High Court
	TOTAL	**4594.18**		

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. Company has no dues from Government or debenture holders.

(ix) According to the books and records of the Company and as per the information and explanation given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including Debt instrument). Term loans from bank and financial institution have been applied for the purpose for which they were obtained.

(x) According to the information and explanation given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.

(xi) As per notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Company being a joint venture of two Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

(xii) The provisions of clause 3 (xii) of the Order are not applicable to the Company.

(xiii) The Company has complied with the provisions of Sec. 177 & 188 of the Companies Act 2013 w.r.t. transactions with the related parties, where applicable, details of the transaction with the related parties have been disclosed in Note No. 53 of the Ind AS financial statements as required by the applicable Indian Accounting Standard.

(xiv) The Company has not made any preferential allotment or private allotment or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with the directors or persons connected with them as covered under Section 192 of the Companies Act, 2013.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Amit Ray & Co
Chartered Accountants
FRN -000483C

Sd/-
Pradeep Mukherjee
Partner
Membership No.-070693

Date: 21st May, 2018
Place: New Delhi

New Project Construction - Rourkela

ANNEXURE -'B' to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of NTPC-SAIL Power Company Limited on the Ind AS financial statements for the year ended 31st March 2018

DIRECTIONS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTON 143(5) OF THE COMPANIES ACT, 2013

S. No.	Directions	Reply	Impact on financial statement
1.	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and lease-hold land for which title/lease deeds are not available.	We have examined the lease deeds for all leasehold land and found that Company has clear lease deeds for all leasehold land. Company has no freehold land.	Nil
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc., if yes, the reasons there for and the amount involved.	According to information and explanation given to us, there are no cases of waiver/ write off of debts/loans/interest etc.	Nil
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from Government or other authorities.	Yes, proper records are maintained for Inventories lying with contractors/ third parties. No gift of assets was received from government or other authorities during the year.	Nil

For Amit Ray & Co
Chartered Accountants
FRN -000483C

Sd/-
Pradeep Mukherjee
Partner
Membership No.-070693

Date: 21st May, 2018
Place: New Delhi

Heater Floor Bhilai

Annexure 'C' to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of NTPC-SAIL Power Company Limited on the Ind AS financial statements for the year ended 31st March 2018

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

We have audited the internal financial controls over financial reporting of NTPC-SAIL Power Company Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Amit Ray & Co
Chartered Accountants
FRN -000483C

Sd/-
Pradeep Mukherjee
Partner
Membership No.-070693

Date: 21st May, 2018
Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NTPC SAIL POWER COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of NTPC SAIL Power Company Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act. 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act arc responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is Stated to have been done by them vide their Audit Report dated 21 May 2018.

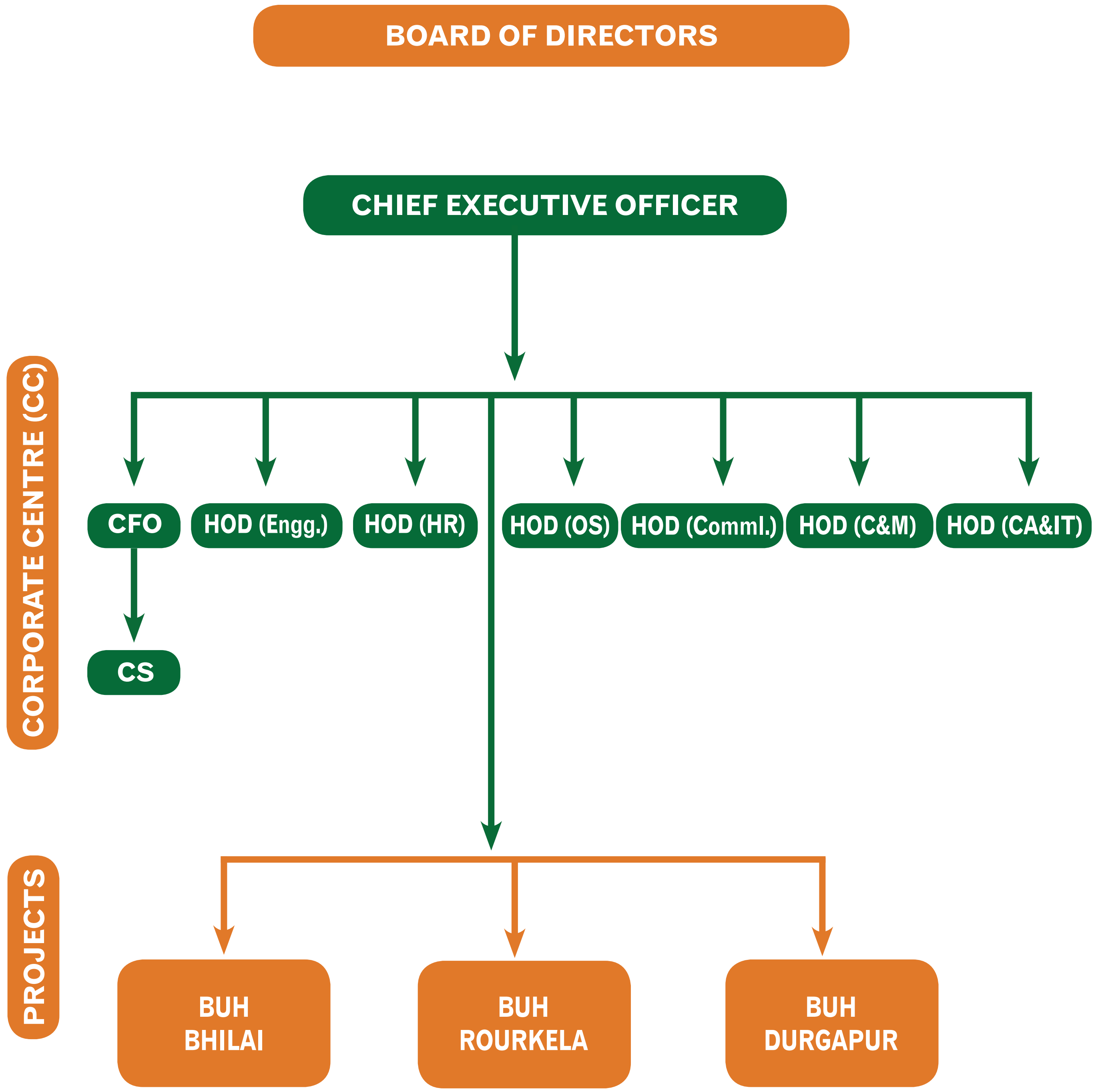
I. on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of NTPC SAIL Power Company Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Indu Agrawal)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board, Ranchi.

Place: Ranchi
Date: 11 June 2018

Organisational Chart



NTPC - SAIL Power Company Limited

(A Joint venture of NTPC & SAIL)

4th Floor, NBCC Tower,15 Bhikaiji Cama Place, New Delhi - 110066, India