



INDEPENDENT AUDITORS' REPORT

To

The Members of NTPC-SAIL POWER COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **NTPC-SAIL POWER COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its **Profit** and total comprehensive income, changes in equity and its cash flows for the year ended on that date.



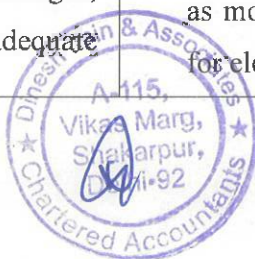
Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

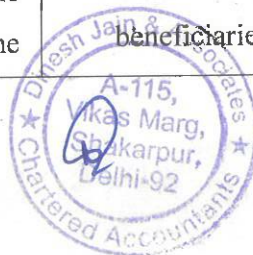
Key Audit Matters

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

S. No	Key Audit Matter	How our audit addressed the Key Audit Matter
1	<p>Recognition and measurement of revenue from Sale of Energy</p> <p>Accuracy of recognition, measurement, presentation and disclosures of revenue and other related balances in view of Adoption of Ind AS 115 "Revenue from Contract with Customers"</p> <p>The application of the revenue accounting standards involves certain key judgments relating to identification of time of revenue recognition, measurement of the transaction price i.e the consideration promised in the contracts which includes fixed charges, variable charges; relevant and adequate</p>	<p>We have obtained an understanding of the CERC Tariff Regulations as notified from time to time, orders, circulars, guidelines, Power Purchase agreement with SAIL and the Company's internal circulars and procedures in respect of recognition and measurement of revenue from sale of energy comprising of capacity and energy charges and adopted the following audit procedures:</p> <ul style="list-style-type: none">• Evaluated and tested the effectiveness of the Company's design of internal controls relating to recognition and measurement of revenue from sale of energy.• Verified the accounting of revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Authorities for electricity to the extent applicable, in case of PP-



	disclosures regarding the contracts with customers and significant judgments or changes in judgment, if any, made in applying the Standard to such contracts.	III and based on PPA with SAIL in case of PP-II. In case of power stations where the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations.
	(Refer Note no. 37 and 59)	Based on the above procedure performed, the recognition and measurement of revenue from sale of energy are considered to be adequate and reasonable.
2.	<p>Continuing Dispute between SECL and NSPCL for deduction of Rs. 58.82 Crores from coal bill of SECL for Grade Slippage for the period July 2015 to August 2016.</p> <p>South Eastern Coal fields Limited is a major supplier of coal to NSPCL. In accordance with minutes of meeting dated 06.02.2015 issued by Ministry of Coal; NSPCL, the Power Producers had engaged an Independent Third Party Sampling Agency (ITP) for analysis of coal at loading ends, pursuant to which differences between the grade of coal billed and grade determined by the ITP were detected. However, SECL was not accepting the variation report of ITP citing various reasons. Consequently, NSPCL started making payments to SECL after deduction on account of grade slippage from the invoices raised by SECL. This modus operandi was in line with NTPC, the parent company of NSPCL.</p> <p>NSPCL has already passed on the credit to beneficiaries with a rider that in case NSPCL has to refund part or full amount to SECL, the same shall be correspondingly debited to the</p>	<ul style="list-style-type: none"> Owing to the continuing dispute, this matter was taken to Alternate Dispute Redressal Mechanism (ADRM) by NTPC. NTPC approached to SECL through letter dated 04.09.2018 to explore settlement of outstanding dues for Pre-CIMFR dispute with NTPC Joint Venture station in line with ADRM order, issued vide OM dated 23rd July, 2018. NSPCL has asked SECL vide letter dated 21.05.2018, 21.02.2019 and 24.12.2019 to commensurate NSPCL with NTPC regarding settlement of the dispute as per the order of ADRM. We have reviewed the correspondences between the parties. SECL with Letter dated 23.01.19 has stated that no such provision was given in the Order of ADRM regarding the Joint Ventures of NTPC. They will be seeking further clarification in this regard. The matter still stands unresolved as to whether the amount of Rs.58.82 Crores is due to SECL. Also, it may be stated that in case such amount is indeed payable by NSPCL to SECL, NSPCL will recover such amount from their beneficiaries, as same was mentioned in the concerned beneficiaries' bill during that period. Thus, the



	<p>beneficiaries.</p> <p>(Refer Note no. 39 and 60)</p>	<p>impact of same would be revenue neutral to company.</p> <ul style="list-style-type: none"> The company has shown this amount as contingent liability as on 31.03.2020. We have read various correspondences and related documents pertaining to this litigation case and performed substantive procedures on calculations supporting the disclosure of contingent liability. <p>Based on the above procedures performed, the estimation and disclosure of contingent liability is considered to be adequate and reasonable.</p>
3	<p>Scope Limitation due to COVID-19 Pandemic induced restrictions</p> <p>Due to COVID 19 pandemic induced restrictions imposed by Central Government and various State/UT Governments on physical movement, we were not able to visit any of the plants/offices of the company for undertaking the required audit procedures as prescribed under ICAI issued standards on Auditing. The review of physical documents wherever required was carried out through scanned images of documents and confirmations provided by the company. There are inherent limitations to scanned documents especially w.r.t. availability of original documents with the company including authenticity of the scanned documents provided for audit.</p>	<p>Our audit procedures included but were not limited to, the following :-</p> <ul style="list-style-type: none"> Access to books of accounts through remote location. Review of scanned documents provided. Further inquiry and review based on scrutiny of scanned documents. Information and explanations received from the company. Obtaining confirmations w.r.t authenticity of documents and availability of original documents in the custody of the company.



Other Matter:

- 1) The financial statements of the Company for the year ended 31st March 2019, were audited by the predecessor auditor who expressed an unmodified opinion on those statements on 20th May 2019.
- 2) ~~In case of Bhilai plant, the account of BHEL is unreconciled for a long time, where out of Rs.13.71 crores payable to BHEL, a sum of Rs.11.38 crores is pending for reconciliation for last 10 years.~~
- 3) Company does not have Independent Director on its Board as required under the provisions of Section 149(4) of the Companies Act 2013.

Our opinion is not modified in respect of these matters

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Chairman's statement, Management Discussion and Analysis and other company related information (hereinafter referred to as 'other reports'), but does not include the financial statements and our auditor's report thereon.

The Other reports are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 'Other reports', if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

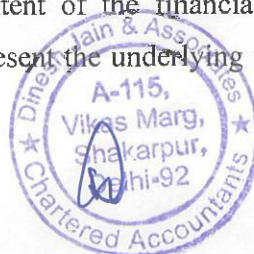
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

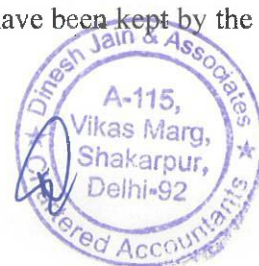
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 and sub-directions issued by Comptroller and Auditor General of India.
3. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
- (e) As per the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the Company 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) As per Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Company being a joint venture of two Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigation on its financial position in its financial statement. (Refer Note No. 36 to the financial statements).
- (ii) 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.
- (iii) 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.

Place : New Delhi
Dated: 08/06/2020



For **DINESH JAIN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N

(NEHA JAIN) FCA
PARTNER
M.No.514725

UDIN: 20514725AAAABL5369

Annexure – ‘A’ to the Independent Auditors’ Report

Annexure referred to in our report of even date to the members of **NTPC-SAIL Power Company Limited** on the financial statements for the year ended **31st March 2020**

(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.
- (a) The company is having 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, except lease land of Durgapur on which expansion plant (2*20 MW) is being constructed. Approval of the same is yet to be obtained from SAIL as it is pending with the Ministry of Steel.

(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 or limited liability partnership, however it has granted loans to Key Managerial Personnel, covered in the register maintained under section 189 of the Companies Act, 2013.

(a) In our opinion and according to explanation given to us, the terms and conditions of such loans are not prejudicial to the Company’s interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts which are overdue for more than ninety days.



- (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.
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- (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 thereunder. Therefore the provision of clause (v) of the paragraph 3 & 4 of the order are not applicable.
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- (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) According to the information and explanations given to us, in respect of statutory dues:
- (a) The company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, custom duty, cess and other statutory dues to the appropriate authorities and there are no undisputed dues outstanding as on 31st March, 2020 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 **Rs. 4970.60 Lakhs** which have not been deposited on account of matters pending before appropriate authorities. The details of the disputed dues as at 31st March, 2020 are mentioned hereunder:



Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period	Forum before which Dispute is pending
Income Tax Act, 1961	Income Tax	262.60	A.Y 2007-08	Supreme Court
Income Tax Act, 1961	Income Tax	1049.22	A.Y 2009-10	Delhi High Court
Finance Act, 1994	Service Tax including Interest and penalty	3539.97	2004-18	High Court of Kolkata and Orissa
Odisha 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	4970.60		

- (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, for Nidhi company, 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. 51 of the financial statements as required by the applicable Indian Accounting Standards.
- (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.

Place : New Delhi
Dated: 08/06/2020

For **DINESH JAIN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N

(NEHA JAIN) FCA
PARTNER
M.No.514725

UDIN: 20514725AAAABL5369



Annexure – 'B' to the Independent Auditors' Report

Annexure referred to in our report of even date to the members of **NTPC-SAIL Power Company Limited** on the financial statements for the year ended **31st March 2020**

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

S. No.	Directions	Reply	Impact on financial statement
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanations given to us, the company has a system in place to process all the accounting transactions through IT System. No accounting transactions were processed outside IT system.	Nil
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to information and explanation given to us, there are no cases of restructuring of an existing loan or waiver/write off of debts/loans/interest etc.	Nil
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	According to information and explanation given to us, no funds were received/ receivable for specific schemes from central/ state agencies.	Nil

Place : New Delhi
Dated: 08/06/2020

For **DINESH JAIN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N



(**NEHA JAIN**) FCA
PARTNER
M.No.514725



UDIN: 20514725AAAABL5369

Annexure referred to in our report of even date to the members of **NTPC-SAIL Power Company Limited** on the financial statements for the year ended **31st March 2020**

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

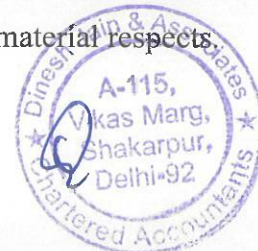
We have audited the internal financial controls over financial reporting of NTPC-SAIL Power Company Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

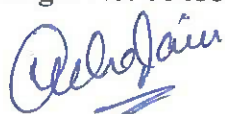


Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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.

Place : New Delhi
Dated: 08/06/2020

For **DINESH JAIN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N


(NEHA JAIN) FCA
PARTNER
M.No.514725

UDIN: 20514725AAAABL5369





NTPC-SAIL POWER COMPANY LTD.

BALANCE SHEET AS AT

		₹ in Lakhs	
PARTICULARS	NOTE NO.	31.03.2020	31.03.2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	132632.98	145275.10
Capital work in progress	3	216723.27	158885.97
Intangible assets	4	23.76	74.80
Intangible assets under development	5	-	-
Financial assets			
Investments	6	-	-
Trade Receivables	7	-	-
Loans	8	1793.35	1630.01
Other financial assets	9	34124.71	28662.51
Deferred tax Assets (Net)	10	7718.85	1184.83
Other non-current assets	11	9795.10	11869.88
Total non-current assets		402812.02	347583.10
Current Assets			
Inventories	12	27409.14	11164.22
Financial assets			
Investments	13	-	2456.69
Trade receivables	14	11494.24	7112.92
Cash and cash equivalents	15	13034.82	5203.20
Bank balances other than cash and cash equivalents	16	320.76	262.39
Loans	17	610.10	564.05
Other financial assets	18	10351.77	11787.37
Current Tax Assets (Net)	19	-	-
Other current assets	20	9674.11	13702.27
Total current assets		72894.94	52253.11
TOTAL ASSETS		475706.96	399836.21
EQUITY & LIABILITIES			
EQUITY			
Equity Share capital	21	98050.01	98050.01
Other equity	22	176202.34	151774.42
Total equity		274252.35	249824.43
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	23	122782.86	95674.57
Trade payables	24	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
Other financial liabilities	25	5076.16	3506.45
Provisions	26	512.47	396.44
Deferred tax liabilities (Net)	27	-	-
Other non-current liabilities	28	-	-
Total non-current liabilities		128371.49	99577.46
Current liabilities			
Financial liabilities			
Borrowings	29	6000.00	-
Trade payables	30	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		405.89	88.36
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		10354.96	9852.87
Other financial liabilities	31	46282.54	32834.00
Other current liabilities	32	3061.06	2732.45
Provisions	33	6978.67	4926.64
Current tax liabilities (net)	34	-	-
Total current liabilities		73083.12	50434.32
TOTAL EQUITY AND LIABILITIES		475706.96	399836.21
Payables- micro and small enterprises	35	670.74	89.13
Contingent Liability	36	18921.64	7031.75
Significant accounting policies	1		

The accompanying notes 1 to 71 form an integral part of these financial statements.

(Dimpay Trikhia)
Company Secretary

(Narendra Kumar Gupta)
Chief Finance Officer

(P.K. Bondriya)
Chief Executive Officer

(D.L. A.K. Panda)
Director

(D.K. Patel)
Chairman

As per our report of even date
For Dinesh Jain & Associates
Chartered Accountants
FRN No. 004885N

(Neha Jain)
Partner

Membership No. 514725

Place : New Delhi
Date : 06.06.2020



NTPC-SAIL POWER COMPANY LTD.

STATEMENT OF PROFIT AND LOSS

PARTICULARS	NOTE NO.	₹ in Lakhs	
		For the year ended 31.03.2020	For the year ended 31.03.2019
Income			
Revenue from operations	37	285293.26	265659.24
Other income	38	3853.04	8261.38
Total Income		289146.30	273920.62
Expenses			
Fuel cost	39	170007.23	152027.79
Employee benefits expense	40	16404.87	19190.78
Finance costs	41	1401.85	2249.79
Depreciation, amortization and impairment expense	42	15680.41	14906.14
Other expenses	43	48632.84	45433.14
Total expenses		252127.20	233807.64
Profit before tax		37019.10	40112.98
Tax expense			
Current tax			
Current year		6657.08	7739.45
Earlier years		-	5.13
Deferred tax (asset)/liability		(2661.73)	(501.52)
Less : MAT credit available		(3872.27)	(3363.49)
Total tax expense		123.08	3879.57
Profit for the year		36896.02	36233.41
Other comprehensive income			
Items that will not be reclassified to profit or loss (net of tax)			
Net actuarial (gains) / losses on defined benefit plans		453.86	188.88
Other comprehensive (income) / Expenses for the year, net of income tax		453.86	188.88
Total comprehensive income for the year		36442.16	36044.53
Expenditure during construction period (net)	44	12947.56	8323.20
Earnings per equity share (Par value ₹ 10/- each)			
Basic & Diluted (₹)		3.76	3.70
Significant accounting policies	1		
The accompanying notes 1 to 71 form an integral part of these financial statements.			


(Dimpy Trikha)
Company Secretary

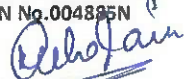

(Narendra Kumar Gupta)
Chief Finance Officer


(P.K. Bondriya)
Chief Executive Officer


(Dr. A.K. Panda)
Director


(D.K. Patel)
Chairman

Place : New Delhi
Date : 06.06.2020

As per our report of even date
For Dinesh Jain & Associates
Chartered Accountants
FRN No. 004835N

(Neha Jain)
Partner
Membership No. 514725

NTPC-SAIL POWER COMPANY LTD.

STATEMENT OF CASH FLOWS

₹ in Lakhs

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	37,019.10	40,112.98
Adjustment for:		
Depreciation & Amortisation	16,495.82	15,731.65
Other Comprehensive Income	(453.86)	(188.88)
Profit on disposal of Fixed Assets	(1.70)	(12.96)
Provision for Tariff Adjustment	1,027.23	695.54
Provision for Doubtful Debts/Beneficiary Claim	533.39	-
Provision for Shortage & Obsolescence in stores	(5.08)	-
Provision Written Back	-	-
Shortage in stores & Obsolescence in stores	-	(34.04)
Provision for Doubtful Debts/Intt on Doubtful Debt	-	(4,561.73)
Provision for unserviceable works	(2.39)	-
Fly Ash Utilisation Fund (Net)	41.29	181.24
Loss on Sale of Fixed Assets	153.87	321.08
Interest Income on term deposits/investments	(207.20)	(1,603.63)
Finance Costs	1,401.85	2,249.79
Profit on Sale of Investment	(88.21)	(823.04)
Operating profit before working capital changes	55,914.09	52,068.01
Adjustment for:		
Trade Receivables	(4,914.71)	(3,819.01)
Inventories	(16,239.85)	(940.64)
Trade payables / Provisions and other liabilities	8,718.60	956.22
Loans , advances and other assets	(2,289.73)	5,784.20
Other current assets	4,028.17	(6,906.68)
Cash generated from operations	45,216.58	47,142.11
Direct Taxes Refund/ (Paid) (Net)	(6,805.38)	(7,942.28)
Net cash from operating activities - A	38,411.20	39,199.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income on term deposits/investments	209.34	1,996.48
Profit on Sale of Fixed Assets	1.70	12.96
Profit on Sale of Investment	88.21	823.04
Loss on Sale of Fixed Assets	(153.87)	(321.08)
Sale of Investment	2,456.69	7,308.89
Bank Balance Other Than Cash & Cash Equivalents	(58.37)	19,314.95
Purchase of Investment	-	-
Purchase of Fixed Assets	(61,362.90)	(73,961.47)
Net cash used in Investing activities - B	(58,819.19)	(44,826.22)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing	47,274.35	30,271.56
Repayment of long term borrowings	(5,577.36)	(16,932.87)
Interest paid	(1,401.85)	(2,006.08)
Dividend paid	(10,000.00)	(4,000.00)
Tax on dividend	(2,055.53)	(822.21)
Net cash used in financing activities - C	28,239.62	6,510.40
Net increase / (decrease) in cash and cash equivalents (A+B+C)	7,831.62	884.01
Cash and cash equivalents at beginning of the year	5,203.20	4,319.19
Cash and cash equivalents at end of the year	13,034.82	5,203.20
Net cash increase / (decrease)	7,831.62	884.01

Note:

- Cash and cash equivalents consist of cheques in hand, balance with banks and deposits with original maturity of upto three months.
- Refer Note No. 15 for Cash and cash equivalents .
- Refer Note no. 56 (b) for details of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments.
- Reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities:

Particulars	Long-term borrowings *	Short-term borrowings	Interest on borrowings
Opening balance as at 1 April 2019	1,01,542.64	-	2,791.89
Loan draws/interest accrued during the year (in cash)	41,274.35	47,254.00	9,787.53
Loan repayments/interest payment during the year (in cash)	(5,577.36)	(41,254.00)	(9,535.71)
Closing balance as at 31 March 2020	1,37,239.64	6,000.00	3,043.71

* Includes current maturities of non-current borrowings , refer Note 31

(Dimpy Trikha)
Company Secretary

(Narendra Kumar Gupta)
Chief Finance Officer

(P.K. Bondriya)
Chief Executive Officer

(Dr. A.K. Panda)
Director

(D.K. Patel)
Chairman

As per our report of even date
For Dinesh Jain & Associates
Chartered Accountants
FRN No. 004885N

(Neha Jain)
Partner

Membership No. 514725

Place : New Delhi
Date : 06.06.2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(A) Equity Share Capital
For the year ended 31 March 2020

	₹ in Lakhs
Balance as at 1 April 2019	Balance as at 31st March 2020
Changes in equity share capital during the year	
98,050.01	98,050.01

(B) Other Equity
For the Financial Year ended 31 March, 2020

Particulars	Reserves & Surplus					Items of other comprehensive income			Total
	i) Capital reserve	ii) Securities premium	iii) Bonds/Debtors redemption reserve	iv) Fly ash utilisation reserve fund	v) Corporate social responsibility (CSR) reserve	vi) General reserve	vii) Retained Earnings	viii) Remeasurement of defined benefit plans	ix) Equity Instruments (through Other Comprehensive Income)
Balance as at 1 April 2019			12,500.00	184.02	21.29	2,630.98	1,36,905.12	(466.99)	1,51,774.42
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive Income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	12,500.00	184.02	21.29	2,630.98	1,36,905.12	(466.99)	1,51,774.42
Transfer to fly ash utilisation reserve	-	-	-	41.28	19.03	-	36,896.02	(453.80)	36,502.47
Transfer from bonds/debtors redemption reserve	-	-	-	-	-	-	-	-	-
Transfer to CSR reserve	-	-	-	-	-	-	-	-	-
Transfer to bonds/debtors redemption reserve	-	-	-	-	-	-	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-
Interim Dividend	-	-	-	-	-	-	(19.03)	-	(19.03)
Tax on interim dividend	-	-	-	-	-	-	(10,000.00)	-	(10,000.00)
Dividends	-	-	-	-	-	-	(2,055.53)	-	(2,055.53)
Corporate dividend tax	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	12,500.00	225.30	40.32	2,630.98	1,61,776.58	(920.85)	1,76,202.44

(C) a) In accordance with applicable provisions of the Companies Act, 2013 read with Rules, the Company has created bonds/Debtors Redemption Reserve (DRR) out of profits of the Company @ 25% of the value of bonds/debtors, for the purpose of redemption of bonds/debtors.

b) Pursuant to gazette notification dated 3rd November 2009, issued by the Ministry of Environment and Forest (MOEF), Government of India (GOI), the amount collected from sale of fly ash and fly ash based products should be kept in a separate account head and shall be utilized only for the development of infrastructure or facility, promotion & facilitation activities for use of fly ash until 100 percent fly ash utilization level is achieved.

c) During the year, proceeds of ₹ 851.14 lakhs (31 March 2019: ₹ 675.98 lakhs) from sale of ash/ash products Note 37: ₹ 810.79 lakhs (Note 37, 31 March 2019: ₹ 661.59 lakhs) and Interest Income from Fly Ash fund Note 38: ₹ 40.35 lakhs (Note 38, 31 March 2019: ₹ 14.39 lakhs), has been transferred to fly ash utilisation reserve fund. An amount of Note 43: ₹ 786.86 lakhs and Note 22: ₹ 22.98 lakhs (Note 43: 31 March 2019: ₹ 494.74 lakhs) has been utilized from the fly ash utilisation reserve fund on expenses incurred for activities as specified in the aforesaid notification of MOEF.

d) In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. During the year the Company has spent an amount of ₹ 768.56 lakhs (Refer Note 61 for details) (31 March 2019: ₹ 679.19 lakhs). For balance unpaid amount of ₹ 19.03 lakhs reserve for CSR has been created during year (31 March 2019: 21.29 lakhs)

e) General reserves are the retained earnings of company which are kept aside out of company's profits to meet future (known or unknown) obligations.

f) Retained earnings are the cumulative profit of Company after accounting for dividends

g) Other Comprehensive Income (OCI) is excluded from net income, because the transactions are unusual and are not generated through a company's normal business operations. In addition to investment and pension plan gains and losses, OCI includes hedging transactions a company performs to limit losses.

(Dimple Tripathi)
Company Secretary

(Narendra Kumar Gupta)
Chief Finance Officer

(P.K. Sondhiya)
Chief Executive Officer

(Pr. Ak. Pandey)
Director

(D. Subh Kumar Pateri)
Chairman

As per our report of even date
For Dinesh Jain & Associates
Chartered Accountants
FRN No. 004883M
(Dinesh Jain)
Partner

Place : New Delhi
Date : 05.05.2020

Membership No. 514725

NTPC-SAIL POWER COMPANY LTD

Note 1. Company Information and Significant Accounting Policies

A. Reporting Entity

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

B. Basis of preparation

1. Statement of Compliance

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

These financial statements were authorized for issue by Board of Directors on 08.06.2020.

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).
- Plan assets in the case of employees defined benefit plans that are measured at fair value.

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

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents accepted to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an assets 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.

4. Current and Non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.



A liability is current when:

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

All other liabilities are classified as non-current.

Capital Advances are classified as non-current.

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

C. Significant Accounting Policies

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

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

1. Property, plant and equipment

1.1. Initial recognition and measurement

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

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

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

Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.

Expenditure on major inspection and overhauls of production plant for PP-III, 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.

1.5. 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, covered under part B of 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 (Including PP-II Units) 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 which are different from the useful life as prescribed under Schedule II to the Companies Act, 2013, as ascertained on technical evaluation:

a) Kutchia 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 similar communication equipment's	6 years
h) Energy saving electrical appliances and fittings	2-7 years
i) Porta-cabins not in the nature of temporary structures made of mild steel, pressed steel sections and roofed with MS steel sheets, internally insulated with concealed electrifications for air conditioners and lighting fixtures	5 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 unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.
- 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 unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.
- Leasehold land acquired on perpetual lease is not amortized.

In case of the CPP-II/ PP-III capital spares whose residual life has been determined on the basis of technical assessment, the depreciation is provided at a rate such that 90% in case of PP-III and 95% in case of PP-II of the capital spares is depreciated over the residual life of those capital spares.

Depreciation in case of PP-II units is provided only for purpose of billing, however consequent to recognition of finance lease recoverable for PP-II assets, depreciation has no impact on Accounts.



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 its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to 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, if any with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

3.4 Amortization

Cost of software recognized as intangible asset, is amortized on straight line method over a period of legal right to use or 3 years, whichever is less. Other intangible assets are amortized on straight line method over the period of legal right to use or life of 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 consist of (a) interest expense (b) finance charges in respect of finance leases recognized in accordance with Ind As 116 – 'Leases' and (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction, 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 necessarily 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.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

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, surplus and non-moving items of stores & spares is ascertained on review and provided for.

Steel Scrap is valued at estimated realizable value.

8. Cash and cash equivalents



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

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

10. Revenue

Company's revenues arise from sale of energy and other income. Revenue from other income comprises interest from banks, employees, contractors etc., dividend from mutual fund investments, surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc.

10.1 Revenue from sale of energy

The majority of the Company's operations in India are regulated under the Electricity Act, 2003 and PPA with SAIL.

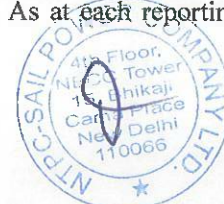
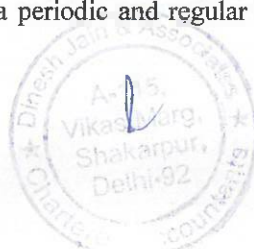
Revenue earned from the generation and sale of electricity is regulated as below:

- 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 of two components: capacity charge i.e. a fixed charge, that includes Return on Equity, Incentive, depreciation, Interest on loan, Interest on working capital and operating and maintenance expenses and energy charge i.e. a variable charge primarily based on fuel costs.

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over the products or services to a customer.

In respect of Bhilai Expansion Power Project (PP-III), Revenue from sale of energy is accounted for based on tariff rates approved by the CERC (except items indicated as provisional) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case of power stations where the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. As at each reporting



date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue.

The incentives/disincentives are accounted for based on the norms notified/approved by the CERC as per principles enunciated in Ind AS 115. In cases of power stations where the same have not been notified/approved, incentives/disincentives are accounted for on provisional basis.

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

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.

10.2 Other Income

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

11 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.

12 Employee benefits



12.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate 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.

12.2 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.

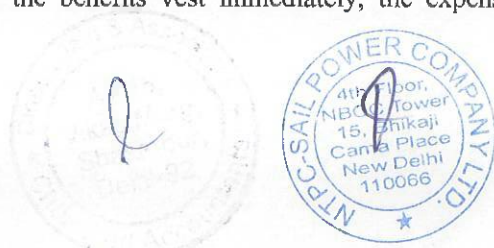
The Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contributions to the fund for the year are recognised as expense and are charged to the Statement of profit or loss. The obligation of the Company is 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.



12.3 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.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

12.4 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

13. Leases

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on 1 April 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount, discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been adjusted and therefore will continue to be reported as per Ind AS 17. The details of accounting policies as per Ind AS 17 are disclosed separately if they are different from those under Ind AS 116.

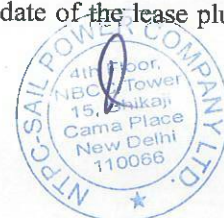
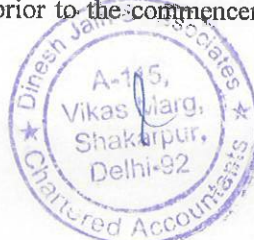
13.1. As lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of use assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus



any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment whether it will exercise an extension or a termination option.

In the comparative period, as lessee the leases were accounted as per Ind AS 17 and classified as finance lease and operating lease, and accounted as follows:

Accounting for finance leases

In the comparative period, leases of property, plant and equipment where the Company, as lessee has substantially all risks and rewards of ownership were classified as finance lease. On initial recognition, assets held under finance leases were recorded as property, plant and equipment and the related liability was recognized under borrowings. At inception of the lease, finance leases were 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 were apportioned between the finance cost and the reduction of the outstanding liability.

The finance cost was 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

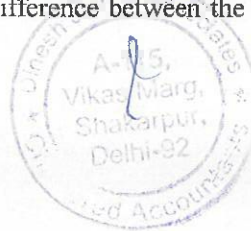
In the comparative period, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases were recognized as an expense on a straight-line basis over the lease term unless the payments were structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

13.2. As lessor

At the inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the customer the right to control the use of the underlying asset. Arrangements that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset in return for a payment or a series of payments are identified as either finance leases or operating leases.

Accounting for finance leases

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.

Accounting for operating leases

Where the Company determines a long term PPA to be or to contain a lease and where the Company retains the principal risks and rewards of ownership of the power plant, the arrangement is considered an operating lease.

For operating leases, the power plant is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating leases is recognized on a straight line basis over the term of the arrangement.

14 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.

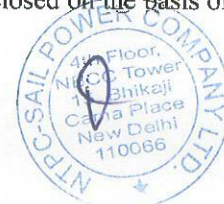
15 Provisions, contingent liabilities and contingent assets

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.

16 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.

17 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.~~

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realized.

As per appendix C to Ind AS 12 applicable w.e.f, 01.04.2019 company has considered the impact of uncertainty in income tax treatment by tax authorities, if it is not probable that the tax authority will accept the tax treatment, then it is reflected the effect of that tax uncertainty in determining related tax profits/losses/unused tax losses/ unused tax credits.

18 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 and the Board of Directors respectively.

19 Material prior period errors

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

20 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.

21 Statement of Cash flow

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

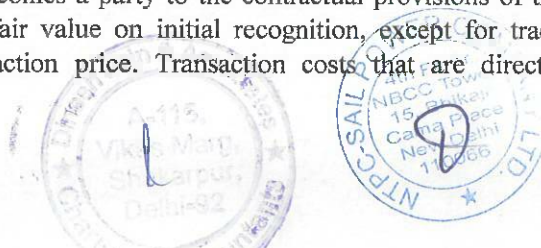
22 Financial instruments

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

22.1 Financial assets

Initial recognition and measurement

The company recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly



attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Subsequent measurement -

Debt instruments at amortized cost –

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the 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.

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

Impairment of financial assets –

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

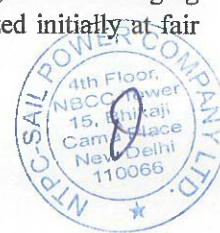
- (a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
- (b) Lease receivables under Ind AS 116.
- (c) Trade receivables under Ind AS 115.

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

22.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through 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. 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 in finance costs in the statement of profit and loss. This category generally applies to Borrowings, trade payables and other contractual liabilities.

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 and intangible assets

The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

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.



In case of Rourkela, Durgapur & Bhilai Power Project (PP-II) useful life of the assets is determined according to 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, except computer and computer software which has nil residual value.

In case of the CPP-II assets whose residual life has been determined on the basis of technical assessment, 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 additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use /disposed.

Depreciation in case of PP-II units is provided only for purpose of billing, however consequent to recognition of finance lease recoverable for PP-II assets, depreciation has no impact on Accounts.

3. Recoverable amount of property, plant and equipment and intangible assets

The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

4. Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

5. Revenues

The Company records revenue from sale of energy

- 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 115. 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

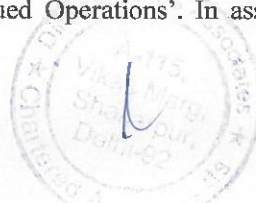
Significant judgment is required to apply lease accounting rules as per Ind AS 116 in 'determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgment to evaluate the right to use the underlying asset, substance of the transactions including legally enforceable agreements and other significant terms and conditions of the arrangements and materiality to conclude whether the arrangement meets the criteria as per Ind AS 116

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 to non-current assets held for sale under Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations'. In assessing the applicability,



management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

9. Regulatory deferral account balances

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

10. Income taxes

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



Note 2 : Non-current assets - Property, Plant and Equipment	Gross Block						Depreciation, amortisation and impairment						Netblock	
	AS AT 01.04.2019	Addition During the Year	Adjustment During the Year	AS AT 31.03.2020	AS AT 01.04.2019	Addition During the Year	Adjustment During the Year	AS AT 31.03.2020	AS AT 01.04.2019	Addition During the Year	Adjustment During the Year	AS AT 31.03.2020	AS AT 31.03.2019	AS AT 31.03.2019
Leasehold Land	8842.11	279.31	-	9121.42	1206.15	313.85	-	1520.00	1206.15	313.85	-	1520.00	7601.42	7635.96
Roads, Bridges & Culverts	2000.47	13.20	-	2013.67	397.98	90.15	-	488.13	397.98	90.15	-	488.13	1525.52	1602.49
Main Plant Buildings	5619.56	-	-	5619.56	990.16	247.54	-	1237.70	990.16	247.54	-	1237.70	4381.86	4629.40
Other Buildings	22970.43	56.64	(2.48)	23029.55	3592.02	992.69	(1.72)	4586.43	3592.02	992.69	(1.72)	4586.43	18443.12	19378.41
Temporary Erection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Supply, Drainage & Sewerage System	2218.82	-	-	2218.82	455.83	-	-	574.03	455.83	-	-	574.03	1644.79	1762.99
MGR Track and Signalling System	3857.64	-	-	3857.64	1174.43	293.61	-	2389.60	1174.43	293.61	-	2389.60	2683.21	2683.21
Railway Sliding	362.47	-	-	362.47	285.17	53.24	-	24.06	285.17	53.24	-	24.06	77.30	77.30
Plant & Machinery	182277.21	3,607.01	575.78	185308.44	56596.40	13890.08	506.05	69980.43	56596.40	13890.08	506.05	69980.43	115328.01	125680.81
Construction Equipments	772.14	-	-	772.14	425.59	60.04	-	478.31	425.59	60.04	-	478.31	277.19	346.55
Furniture & Fixtures	1665.69	57.65	13.02	1730.32	620.43	159.14	8.30	771.27	620.43	159.14	8.30	771.27	959.05	1065.26
Other Office Equipments	385.58	101.10	34.26	454.42	162.83	54.18	17.49	199.52	162.83	54.18	17.49	199.52	252.90	222.75
EDP, WP Machines & Sotcom Equipments	1388.41	102.27	186.72	1291.96	857.61	322.81	191.22	989.20	857.61	322.81	191.22	989.20	302.76	530.80
Vehicles including Speedboats	11.59	-	2.54	9.05	7.02	0.21	-	4.11	7.02	0.21	-	4.11	4.57	4.57
Electrical Installations	1354.90	8.70	-	1363.60	443.38	100.37	-	543.75	443.38	100.37	-	543.75	819.85	911.52
Laboratory & Workshop Equipments	1287.07	13.42	62.39	1362.88	372.43	97.28	47.03	422.68	372.43	97.28	47.03	422.68	815.42	914.64
Hospital Equipments	12.98	-	1.87	11.11	3.32	0.51	-	117.31	3.32	0.51	-	117.31	7.26	9.66
Communication Equipments	295.90	8.07	4.57	299.40	93.61	27.41	3.71	182.09	93.61	27.41	3.71	182.09	202.29	202.29
Retired Assets/ Unserviceable	(0.05)	-	-	(0.05)	(0.05)	-	-	-	(0.05)	-	-	-	-	-
Capital Expenditure of Assets not Owned by Company	64.84	-	-	64.84	64.84	-	-	64.84	64.84	-	-	64.84	-	-
Capital Spares	5369.77	4,092.35	102.36	9359.76	1301.00	988.06	48.85	7119.55	1301.00	988.06	48.85	7119.55	4068.77	4068.77
Major repair and overhaul	5245.35	1,382.34	394.12	6233.57	2713.63	1212.19	353.06	2660.81	2713.63	1212.19	353.06	2660.81	2531.72	2531.72
Asset for Ash Utilisation	-	2.13	(20.85)	22.98	-	-	-	22.98	-	-	-	22.98	-	-
Less: Adjusted from fly ash utilisation reserve fund	-	(2.13)	20.85	(22.98)	-	-	-	(22.98)	-	-	-	(22.98)	-	-
	246022.86	9722.06	1403.79	254341.13	71763.78	19021.56	1183.60	89601.74	71763.78	19021.56	1183.60	89601.74	164739.39	174259.08
Less: Transfer of PP - II assets to SAIL	42803.35	6635.72	906.17	49532.90	13819.37	3386.39	779.29	32106.41	13819.37	3386.39	779.29	32106.41	28883.98	28883.98
Total :	203219.51	3086.34	497.62	205808.23	57944.41	15635.17	404.31	73175.27	57944.41	15635.17	404.31	132632.98	145275.10	145275.10

Notes

- 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 cana place, New Delhi acquired on perpetual lease and no depreciation has been charged thereof.
- As required by Accounting Standard (IndAS) 36 'Impairment of Assets', the company believes that there are no impairment indicators.
- As required by Ind AS 116, 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.
- Refer Note 23 for information of pledge created by company on property, plant and equipment.
- Refer Note 61 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Land does not include 42.031 acres for 2 x 20 MW Durgapur Expansion Project. Lease approval of which is to be obtained from SAIL, as it is pending in Ministry of Steel.
- Refer Note 48 regarding property, plant and equipment under finance lease.
- In respect of Bhilai PP-III Plant, Company has entered into lease agreement with SAIL for land, for a period of thirty years and which can be further renewed for two like periods, under the lease agreement the Company has to bring land to original condition and thus have to account for Asset Retirement Obligation. However Considering that the effect there of, will not be material, the same has not been accounted for.



Note 3 : Non-current assets -Capital Work in Progress	ASAT		Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	₹ in Lakhs	
	01.04.2019					31.03.2020	
Lease Land	14.12		-	-	-	14.12	
Road, Bridges, Culverts & Helipads Building	552.67		422.72	(69.34)	13.20	1031.53	
Main Plant	782.46		395.57	(78.19)	-	1256.22	
Others	911.73		292.32	(193.00)	56.64	1340.41	
Temporory Erections	-		-	-	-	-	
Water supply Drainage & Sewarage	-		378.65	(37.70)	-	416.34	
MGR Track & Signalling system	-		-	-	-	-	
Railway Sidings	730.64		460.60	(83.65)	-	1274.89	
Plant & Machinery	137493.62		52964.80	(9038.72)	3605.93	195891.21	
Furniture & Fixtures	-		51.98	(1.14)	53.12	-	
Other Office Equipments	1.25		76.58	(5.39)	82.59	0.64	
EDP, WP SATCOM Equipment	1.71		58.64	7.40	44.03	8.92	
Construction Equipment	-		-	-	-	-	
Lab & Workshop Equipment	-		12.82	(0.59)	13.42	-	
Hospital Equipments	-		-	-	-	-	
Communication Equipment	-		1.00	(7.06)	8.07	-	
Electrical Installation	7399.28		1174.30	(489.13)	8.70	9054.01	
Assets for ash utilisation	-		23.00	0.02	22.98	-	
Adj from Fly Ash Res Utilisation Fund	-		-	-	-	-	
Survey Soil & Investigation	147887.46		56289.97	(9996.52)	3885.68	210288.28	
Incidental Expenditure During Construction (Net) *	68.85		-	-	-	68.85	
Less Allocated to CWIP	10098.15		12947.56	-	-	23045.71	
	(10098.15)		(12947.56)	-	-	(23045.71)	
	147956.31		56289.97	(9996.52)	3885.68	210357.13	
Prov.Unservice.CWIP	(2.40)		-	(2.40)	-	0.00	
Construction stores (net of Provisions)	10792.53		311.39	5274.45	-	5829.47	
Capital Spares	139.54		4575.91	86.42	4092.35	536.68	
Discounting of long term Liability	(0.02)		-	-	-	(0.02)	
Asset not owned by the company	-		-	-	-	-	
Major repair and overhaul	-		-	-	-	-	
Total :	158885.97		61177.28	(4638.05)	7978.03	216723.27	

* Addition during year include brought from expenditure during construction period (net) - Note 44



	Gross Block				Depreciation, amortisation and impairment				Netblock	
	AS AT 01.04.2019	Addition During the Year	Adjustment During the Year	AS AT 31.03.2020	AS AT 01.04.2019	Addition During the Year	Adjustment During the Year	AS AT 31.03.2020	AS AT 31.03.2020	Netblock AS AT 31.03.2019
Note 4 : Non-current assets- Intangible Assets										
Software	1213.19	10.22	44.85	1178.56	1123.14	60.68	37.52	1146.30	32.26	90.05
Less Transfer of PP - II assets to SAIL	43.65	1.60	33.69	11.56	28.40	8.36	33.69	3.06	8.50	15.25
TOTAL :	1169.54	8.61	11.16	1167.00	1094.74	52.32	3.82	1143.24	23.76	74.80



Note 5 : Non-current assets- Intangible Assets Under Development	AS AT	Additions during the year	Deductions/ Adjustments during the year	Capitalised during the year	₹ in Lakhs
	01.04.2019				AS AT 31.03.2020
Software	-	10.22	-	10.22	-
Total :	-	10.22	-	10.22	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 6 to the Financial Statements

Non-current financial assets- Investments

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Investment in treasury bills	-	-
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 7 to the Financial Statements

Non-current financial assets- Trade Receivables

	₹ in Lakhs	
AS AT	31.03.2020	31.03.2019
Trade Receivables		
(a) Trade Receivables considered good- Secured	-	-
(b) Trade Receivables considered good- Unsecured	-	-
(c) Trade Receivables which have significant increase in Credit Risk; and	-	-
d) Trade Receivables-credit impaired.	2961.05	2427.66
Sub-Total	2961.05	2427.66
 Less : Provision for credit impaired trade receivables	 2961.05	 2427.66
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 8 to the Financial Statements

Non-current financial assets- Loans

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
LOANS		
Employees (including accrued interest)		
(a) Loans Receivables considered good-Secured	1466.61	1302.95
(b) Loans Receivable considered good-Unsecured	326.74	327.06
(c) Loans Receivable which have significant increase in Credit Risk; and	-	-
(d) Loans Receivables- credit impaired.	-	-
Total	1793.35	1630.01

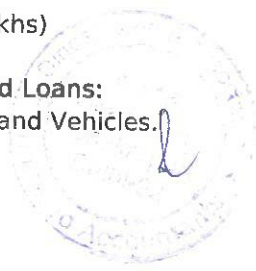
a) Due from directors and officers of the Company :

Directors ₹ Nil (31st March 2019 : ₹ Nil)

Officers ₹ 0.19 lakhs (31 March 2019 : ₹ 3.36 lakhs)

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

Employee loans are secured against house property and Vehicles.





NTPC-SAIL POWER COMPANY LTD.

Note No. 9 to the Financial Statements

Non-current assets - Other financial assets

AS AT	₹ in Lakhs	
	31.03.2020	31.03.2019
Bank Deposit of More Than 12 Months	0.02	-
Finance lease recoverable *	34124.69	28662.51
Total	34124.71	28662.51

* Keeping in view the provisions of Ind AS-116 on 'Leases' w.r.t. determining whether an arrangement contains a lease, the company had 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-37-'Revenue from operations'.





NTPC-SAIL POWER COMPANY LTD.

Note No. 10 to the Financial Statements

Non-current Assets - Deferred tax Assets (net)

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Deferred Tax Liabilities		
Difference in book depreciation and tax depreciation	34786.14	36403.02
Employee loan adjustment	259.70	302.74
Less: Deferred Tax Assets		
Provisions & other disallowances for tax	4591.35	3589.52
MAT Credit entitlement	37051.20	33178.93
Deferred tax recoverable from beneficiary *	1122.14	1122.14
Total	7,718.85	1,184.83

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 2020

₹ in Lakhs

Particulars	Net balance 1 April 2019	Recognised in statement of profit and loss	Net balance 31 March 2020
Difference in book depreciation and tax depreciation	(36,403.02)	1,616.88	(34,786.14)
Employee Loan Adjustment	(302.74)	43.04	(259.70)
Employee Benefits	1,193.57	141.04	1,334.61
Long term liabilities	6.85	1.15	8.00
MAT Credit Entitlement	33,178.93	3,872.27	37,051.20
Other items	2,389.11	859.63	3,248.74
Tax assets/(liabilities)	62.69	6,534.02	6,596.71
Recoverable from Beneficiary prior to 31.03.2009	1,122.14	-	1,122.14
Tax assets/(liabilities)	1,184.83	6,534.02	7,718.85





NTPC-SAIL POWER COMPANY LTD.

Note No. 11 to the Financial Statements

Other non-current assets

	₹ in Lakhs	
AS AT	31.03.2020	31.03.2019
Security deposits (unsecured)	547.75	1247.98
Advances		
Unsecured, considered good	5489.47	6912.06
Others		
Unsecured	29.81	36.23
Advance Tax & Tax Deducted at Source	47252.73	40543.42
Less: Provision for Tax	44545.63	37984.63
Sub-Total	2707.10	2558.79
Deferred payroll expense*	584.20	678.05
Regulatory assets **	436.77	436.77
Total	9795.10	11869.88

* 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.

**Revision of pay scales of employees of Public Sector Employees (PSEs) was applicable w.e.f. 1 January 2017. The company is paying salary, perquisites and allowances to its employees as per revised pay structure w.e.f. 01.01.2017 approved by board of directors includes superannuation benefits @ 30% of basic + DA is 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. 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 is being 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. The Company expects to recover the carrying amount of regulatory deferral account debit balance at the time of receipt of order of truing up for the period 2014-19.





NTPC-SAIL POWER COMPANY LTD.

Note No. 12 to the Financial Statements

Current assets - Inventories

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Coal	18145.30	1447.37
Fuel oil	550.96	598.48
Stores & spares	7415.67	7849.78
Chemicals & consumables	229.40	228.89
Loose tools	32.55	31.51
Others	1046.91	1024.92
Sub-Total	27420.79	11180.95
Less: Provision for shortages / Adjustment	0.76	0.76
Provision for obsolete/unserviceable items	10.89	15.97
Total	27409.14	11164.22

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.

c) Refer Note 23 for information on inventories pledged as security by the Company.

d) Paragraph 32 of Ind AS 2 ' Inventories provides that materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The Company is operating in the regulatory environment and as per CERC Tariff Regulations and PPA with SAIL, cost of fuel and other inventory items are recovered as per CERC tariff regulations and PPA with SAIL. Accordingly, the realisable value of inventories is not lower than cost.





NTPC-SAIL POWER COMPANY LTD.

Note No. 13 to the Financial Statements

Current financial assets - Investments

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Investment in Commercial Paper	-	2456.69
Total	-	2456.69



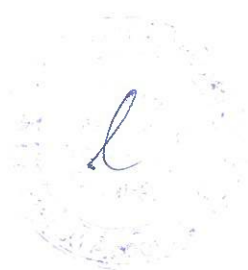


NTPC-SAIL POWER COMPANY LTD.

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

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Trade Receivables		
(a) Trade Receivables considered good- Secured	-	-
(b) Trade Receivables considered good- Unsecured	11494.24	7112.92
(c) Trade Receivables which have significant increase in Credit Risk; and	-	-
(d) Trade Receivables-credit impaired.	-	-
Sub-Total	11494.24	7112.92
Less : Provision for credit impaired trade receivables	-	-
Total	11494.24	7112.92

a) Amount receivable from related party are disclosed in Note 51.





NTPC-SAIL POWER COMPANY LTD.

Note No. 15 to the Financial Statements

Current financial assets - Cash and cash equivalents

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Balance with banks:		
In current account	615.44	428.95
In cash credit account	12116.90	72.06
Deposits with original maturity of less than three months	302.00	4702.09
Others*	0.48	0.10
Total	13034.82	5203.20

*Cheques in Hand ₹ 0.48 Lakhs (31 March 2019 : ₹ 0.10 Lakhs)





NTPC-SAIL POWER COMPANY LTD.

Note No. 16 to the Financial Statements

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

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Deposits with original maturity of more than three months and maturing within one year	0.64	2.07
Fly Ash utilisation fund	320.12	260.32
Total	320.76	262.39



**Note No. 17 to the Financial Statements****Current financial assets - Loans**

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
LOANS		
Employees (including accrued interest)		
(a) Loans Receivables considered good-Secured	254.06	229.34
(b) Loans Receivable considered good-Unsecured	356.04	334.71
(c) Loans Receivable which have significant increase in Credit Risk; and	-	-
(d) Loans Receivables- credit impaired.	-	-
Total	610.10	564.05

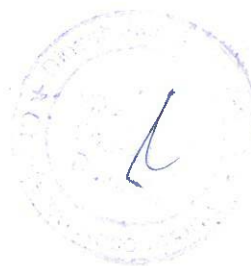
a) Due from Directors and Officers of the Company :

Directors ₹ Nil (31st March 2019 : ₹ Nil)

Officers ₹ 9.13 lakhs (31st March 2019 : ₹ 2.96 lakhs)

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

Employee loans are secured against house property and Vehicles.





NTPC-SAIL POWER COMPANY LTD.

Note No. 18 to the Financial Statements

Current assets - Other financial assets

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Advances		
Related parties		
Unsecured	-	1.39
Employees		
Unsecured	0.11	104.64
Others		
Unsecured	166.65	1.77
Interest accrued on		
Term deposits	16.92	19.06
Claims recoverable		
Unsecured, considered good	2188.88	-
Unbilled revenue *	6089.45	8684.22
Finance lease receivable	1889.76	2976.29
Total	10351.77	11787.37

*Unbilled revenue is net of credits to be passed to beneficiaries and includes for PP-III ₹ 2033.96 lakhs and PP-II ₹ 4055.49 lakhs (31 March 2019: PP-III ₹ 3986.94 lakhs and PP-II ₹ 4697.28 lakhs) billed to the beneficiaries after 31 March for supply of energy.





NTPC-SAIL POWER COMPANY LTD.

Note No. 19 to the Financial Statements

Current Assets - current tax assets (net)

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Current tax Assets	-	-
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 20 to the Financial Statements

Current assets - Other current assets

AS AT	₹ in Lakhs	
	31.03.2020	31.03.2019
Security deposits (unsecured)	2.60	2.67
Advances		
Contractors & Suppliers, including materials issued on loan		
Unsecured, considered good	9100.01	13276.71
Unsecured, considered doubtful	4.29	4.29
Less: Provision for doubtful advances	4.29	4.29
Employees		
Unsecured, considered good	19.26	7.29
Others		
Unsecured	431.41	257.93
Tax Deducted at Source	0.01	0.01
Deferred payroll expense *	83.44	92.99
Input Tax Receivables	37.38	64.67
Total	9674.11	13702.27

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





NTPC-SAIL POWER COMPANY LTD.

Note No. 21 to the Financial Statements

Equity share capital

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
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 2020, the amount of per share dividend recognised as distribution to equity share holders is ₹ 1.02 (31 March 2019: ₹0.41).

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

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





NTPC-SAIL POWER COMPANY LTD.

Note No. 22 to the Financial Statements

Other equity

AS AT	₹ in Lakhs	
	31.03.2020	31.03.2019
Fly ash utilisation reserve fund		
As per last financial statements	184.02	2.78
Addition during the year (Note 37 & 38)	851.13	675.98
Adjustment during the year (Note 2 & Note 43)	(809.85)	(494.74)
	225.30	184.02
Corporate social responsibility (CSR) reserve		
As per last financial statements	21.29	-
Addition during the year	19.03	21.29
Adjustment/Transfer to Retained Earning	-	-
	40.32	21.29
General reserve		
As per last financial statements	2630.98	2630.98
Addition during the year	-	-
Adjustment during the year	-	-
	2630.98	2630.98
Bond Redemption Reserve		
As per last financial statements	12500.00	9600.00
Addition during the year	-	2900.00
Adjustment during the year	-	-
	12500.00	12500.00
Retained earnings		
As per last financial statements	136438.13	108137.10
Add: Total Comprehensive Income for the year	36442.17	36044.53
Transfer to Bond Redemption Reserve	-	(2900.00)
Transfer from Bond Redemption Reserve	-	-
Transfer to CSR Reserve	(19.03)	(21.29)
Dividend paid	(10000.00)	(4000.00)
Tax on dividend paid	(2055.53)	(822.21)
	160805.74	136438.13
Total	176202.34	151774.42

a) Pursuant to gazette notification dated 3rd November 2009, issued by the Ministry of Environment and Forest (MOEF), Government of India (GOI), the amount collected from sale of fly ash and fly ash based products should be kept in a separate account head and shall be utilized only for the development of infrastructure or facility, promotion & facilitation activities for use of fly ash until 100 percent fly ash utilization level is achieved.

b) During the year, proceeds of ₹ 851.14 lakhs (31 March 2019: ₹ 675.98 lakhs) from sale of ash/ash products Note 37: ₹ 810.79 lakhs (Note 37, 31 March 2019: ₹ 661.59 lakhs) and Interest Income from Fly Ash fund Note 38: ₹ 40.35 lakhs (Note 38, 31 March 2019: ₹ 14.39 lakhs), has been transferred to fly ash utilisation reserve fund. An amount of Note 43: ₹ 786.86 lakhs and Note 22: ₹ 22.98 lakhs (Note 43: 31 March 2019: ₹ 494.74 lakhs) has been utilized from the fly ash utilisation reserve fund on expenses incurred for activities as specified in the aforesaid notification of MOEF.

c) In terms of Section 135 of the Companies Act, 2013 read with guidelines on corporate social responsibility issued by Department of Public Enterprises (DPE), GOI, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. During the year the Company has spent an amount of ₹ 768.56 lakhs (Refer Note 61 for details) (31 March 2019: ₹ 679.19 lakhs). For balance unspent amount of ₹ 19.03 lakhs reserve for CSR has been created during year (31 March 2019: 21.29 lakhs)

d) In accordance with applicable provisions of the Companies Act, 2013 read with Rules, the Company has created bonds/debenture Redemption Reserve (DRR) out of profits of the Company @ 25% of the value of bonds/debentures, for the purpose of redemption of bonds/debentures.





NTPC-SAIL POWER COMPANY LTD.

Note No. 23 to the Financial Statements

Non-current financial liabilities -Borrowings

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Term loans		
Secured		
From banks	66276.96	41713.02
Bonds 7.72% taxable	50000.00	50000.00
Unsecured		
From banks	6505.90	3961.55
Total	122782.86	95674.57

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 & Bonds carries interest rate in the range of 7.72% p.a to 8.45% p.a. The unsecured rupee term loan carries interest rate of 7.55% 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 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 are mortgaged /hypothecated to Punjab National Bank, Bank of Baroda and State Bank of India .

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





NTPC-SAIL POWER COMPANY LTD.

Note No. 24 to the Financial Statements

Non-current financial liabilities -Trade Payables

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
For goods and services		
(A) total outstanding dues of micro enterprises and small enterprises;		
and	-	-
(B) total outstanding dues of creditors other than micro enterprises		
and small enterprises.	-	-
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 25 to the Financial Statements

Non-current liabilities - Other financial liabilities

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Other Liabilities		
Payable for capital expenditure	2676.50	1407.77
Lease payable - Land	2179.95	2000.67
Others	219.71	98.01
Total	5076.16	3506.45





NTPC-SAIL POWER COMPANY LTD.

Note No. 26 to the Financial Statements Non-current liabilities - Provisions

		₹ in Lakhs	
AS AT	31.03.2020	31.03.2019	
Provision for			
Employee benefits	512.47	396.44	
Total	512.47	396.44	

Disclosure as per Ind AS 19 on "Employee benefits" is made in Note 49.





NTPC-SAIL POWER COMPANY LTD.

Note No. 27 to the Financial Statements

Non-current liabilities - Deferred tax liabilities (net)

	₹ in Lakhs	
AS AT	31.03.2020	31.03.2019
Deferred Tax Liabilities		
Difference in book depreciation and tax depreciation	-	-
Employee loan adjustment	-	-
Less: Deferred Tax Assets		
Provisions & other disallowances for tax	-	-
MAT Credit entitlement	-	-
Deferred tax adjustment on IndAS Transition	-	-
Deferred tax recoverable from beneficiary	-	-
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 28 to the Financial Statements

Non-current liabilities - Other non-current liabilities

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Provision for beneficiary claims	-	-
Total	-	-





NTPC-SAIL POWER COMPANY LTD.

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

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
From Banks		
Secured	6000.00	-
Unsecured	-	-
From financial institution		
Secured	-	-
Total	6000.00	-





NTPC-SAIL POWER COMPANY LTD.

Note No. 30 to the Financial Statements Current financial liabilities - Trade payables

	₹ in Lakhs	
AS AT	31.03.2020	31.03.2019
For goods and services		
(I) total outstanding dues of micro enterprises and small enterprises; and	405.89	88.36
(II) total outstanding dues of creditors other than micro enterprises and small enterprises.	10354.96	9852.87
Total	10760.85	9941.23

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 35.





NTPC-SAIL POWER COMPANY LTD.

Note No. 31 to the Financial Statements

Current liabilities - Other financial liabilities

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Current maturities of long term borrowings		
From Banks		
Secured	11744.87	4877.70
Unsecured	2711.92	990.39
Payable for capital expenditure	25103.17	13816.61
Other payables		
Deposits from contractors and others	1356.99	7366.79
Others *	5365.59	5782.51
Total	46282.54	32834.00

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

* Includes interest amount ₹ 2798.14 lakhs (Previous Year ₹ 2791.89 lakhs) accrued but not due on domestic borrowings and Interest amount ₹ 245.57 Lakhs (Previous Year NIL) accrued and due on domestic borrowings





NTPC-SAIL POWER COMPANY LTD.

Note No. 32 to the Financial Statements

Current liabilities - Other current liabilities

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Advances from customers and others	901.44	941.18
Statutory dues	624.01	491.58
Other payables	1535.61	1299.69
Total	3061.06	2732.45





NTPC-SAIL POWER COMPANY LTD.

Note No. 33 to the Financial Statements

Current liabilities - Provisions

		₹ in Lakhs
AS AT	31.03.2020	31.03.2019
Provision for		
Employee benefits	3750.25	2725.45
Tariff adjustment	3228.42	2201.19
Total	6978.67	4926.64

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in Note 49.

b) Disclosure required by Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is made in Note 54





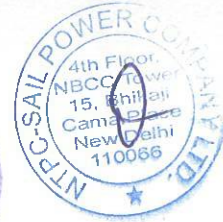
NTPC-SAIL POWER COMPANY LTD.

Note No. 34 to the Financial Statements

Current liabilities - current tax liabilities (net)

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Current tax liabilities	-	-
Total	-	-



Note No. 35 to the Financial Statements
Payables- micro and small enterprises

AS AT	₹ in Lakhs	
	31.03.2020	31.03.2019
(a) Amount Remaining Unpaid to micro, small and medium enterprise at the end of accounting period		
Principal amount *	670.74	89.13
Interest due thereon	-	-
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day .	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Total	670.74	89.13

Variation in amount, is due to disclosure of amount relating to MSME in SR/IR .





NTPC-SAIL POWER COMPANY LTD.

Note No. 36 to the Financial Statements Contingent Liability

₹ in Lakhs

AS AT	31.03.2020	31.03.2019
Claims against the company not acknowledged as debt in respect of		
Capital Works	688.52	183.52
Disputed Income Tax	1311.82	1235.66
Disputed Service Tax demand	3539.97	3462.07
NGT Liability for Short Fall in Ash Utilization	74.20	-
Grade Slippage Dispute With SECL	5882.35	-
Dispute With DNH for Fixed Charges	5255.77	-
Others	2169.01	2150.50
Total	18921.64	7031.75

The contingent liabilities referred to in above, include an amount of estimated possible reimbursement of (i) Capital Works of ₹ 505 Lakhs (31 March 2019: ₹ NIL), in respect of (ii) Disputed Service Tax of ₹ 3539.97 Lakhs (31 March 2019: ₹ 3462.07 Lakhs) (iii) NGT Liability for Shortfall in Ash Utilization of ₹ 74.20 Lakhs (31 March 2019: ₹ NIL) (iv) the possible reimbursement by way of recovery through tariff as per CERC Regulations is ₹ 5882.35 Lakhs (31 March 2019: ₹ NIL) and (v) possible reimbursement of other of ₹ 171.36 Lakhs (31 March 2019: ₹ 173.12 Lakhs)

Further Details in Respect of Contingent Liabilities is given in Note No.60





NTPC-SAIL POWER COMPANY LTD.

Note No. 37 to the Financial Statements Revenue from operations

FOR THE PERIOD ENDED		31.03.2020	31.03.2019
		₹ in Lakhs	
Energy sales*	1,74,625.07		157083.95
Electricity Duty **	20,019.84		19096.41
Fuel Cost for PP-II units	82,664.85		81087.19
		277309.76	257267.55
Less: Rebates to customers		2066.29	2308.45
		275243.47	254959.10
Sale of fly ash/ash products	810.79		661.59
Less: Transferred to fly ash utilisation reserve fund (Note 22)	810.79		661.59
		-	-
Energy internally consumed		65.59	44.97
Other operating revenues			
Interest income on Assets under finance lease		9979.12	10655.17
Provisions for stores written back		5.08	-
Total		285293.26	265659.24

Keeping in view the provisions of Ind AS-116 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'.

*During Financial Year 2019-20, Company has accounted for capacity charges of ₹ 224.05 lakhs as income, based on truing up petition filed with CERC for financial year.

**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 ₹ 5255.21 lakhs (Previous year ₹ 5364.02 lakhs) in respect of Rourkela unit and ₹ 1623.83 lakhs (Previous year ₹ 1735.58 lakhs) in respect of Durgapur unit as informed by SAIL.





NTPC-SAIL POWER COMPANY LTD.

Note No. 38 to the Financial Statements

Other income

		₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Interest income from		
Loan to employees	330.68	236.03
Deposits with banks	211.20	1603.63
Fly ash utilisation fund	40.35	14.39
Less: Transferred to fly ash utilisation reserve fund (Note 22)	40.35	14.39
	-	-
Income tax refunds	207.68	78.71
Income from Insurance claim	2688.88	-
Income from current investments	88.21	823.04
Other non-operating income		
Sale of scrap	83.22	318.55
Miscellaneous income *	259.40	106.69
Profit on disposal of fixed assets	1.70	12.96
Provisions for Interest & Doubtful Debt Written Back/ Surcharge Received **	2.39	5095.12
Less : Transferred to expenditure during construction period (Note 44)	20.32	13.35
Total	3853.04	8261.38

* Miscellaneous income includes income from township recoveries, emd/ sd forfeited , hire charges vehicle & service bond recovery.

**During the Financial Year 2019-20, surcharge of ₹ 126.76 Lakhs was billed to Dadra and Nagar Haveli but the same was not recognized as Sales due to uncertainty of realization, further during the year the Company has created provision of ₹ 533.39 Lakhs in respect of surcharge billed to Dadra and Nagar Haveli and recognized as sales during financial year 2018-19. During Financial Year 2018-19 surcharge of ₹ 533.39 Lakhs has been recognised, on payment shortfall amount of ₹ 760.19 Lakhs. The shortfall payment of ₹ 760.19 Lakhs billed to Dadra and Nagar Haveli during the month of February & March 2014 and realised on 18.12.2018 after order given by CERC/ Appellate Tribunal in favour of Company. However the surcharge of ₹ 533.39 Lakhs is still to be realized.

** During Financial Year 2018-19 provision for Interest and Doubtful Debt of ₹ 4561.73 Lakhs has been written back after order given by CERC/ Appellate Tribunal in favour of Company.





NTPC-SAIL POWER COMPANY LTD.

Note No. 39 to the Financial Statements

Fuel cost

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2020	31.03.2019
Coal *	168361.35	151057.36
Furnace oil	328.58	264.12
LDO	1317.30	698.80
HSD	-	7.51
Total	170007.23	152027.79

* Does not include ₹ 5882.34 lakhs being the coal grade slippage claim accounted / deducted by NSPCL/ Bhilai for coal supplied by M/s SECL during financial year 2015-16 & 2016-17 (this was done in line with third party sampler for sampling of coal at loading end stated in Minutes of Meeting dated 06.02.2015 issued by Ministry of Coal), the amount deducted was passed on to beneficiaries as a part of Energy Bill, the impact of same is revenue neutral for the company.

Does Not Includes ₹ 606.40 lakhs, Supplementary Bills issued by SECL under dispute (Pre CIMFR) being ADRM case.





NTPC-SAIL POWER COMPANY LTD.

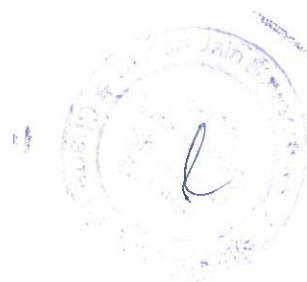
Note No. 40 to the Financial Statements

Employee benefits expense

	₹ in Lakhs	
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Salaries and wages *	15973.17	16540.96
Contribution to provident and other funds	1801.17	2438.24
Unwinding of deferred payroll expense	218.60	106.68
Staff welfare expenses	1865.45	1849.89
Less: Allocated to fuel cost	996.40	339.26
Transferred to expenditure during construction period (Note 44)	2457.12	1405.73
Total	16404.87	19190.78

a) Disclosures as per Ind AS 19 in respect of provision made towards various employee benefits are made in Note 49.

*b) Includes ₹ 29.43 lakhs (31 March 2019: ₹ 54.63 lakhs) towards lease payments (net of recoveries) in respect of premises for residential use of employees





NTPC-SAIL POWER COMPANY LTD.

Note No. 41 to the Financial Statements

Finance costs

		₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Interest on		
Rupee term loans	9727.86	7848.84
Cash credit	101.47	0.19
Others	252.36	-
Unwinding of discount on account of vendor liabilities	17.02	16.41
	10098.71	7865.44
Other borrowing costs	37.97	96.24
Guarantee fee	-	-
Commitment charges	8.04	72.22
Finance cost for leased land	207.80	189.77
Sub total	10352.52	8223.67
Less : Transferred to expenditure during construction period (Note 44)	8950.67	5973.88
Total	1401.85	2249.79

Other borrowing costs - Others, include Finance Charges on Commercial Paper and Bank/LC Charges





NTPC-SAIL POWER COMPANY LTD.

Note No. 42 to the Financial Statements

Depreciation, amortization and impairment expense

	₹ in Lakhs	
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
On property plant and equipment *	16409.80	15663.79
On intangible assets	90.66	67.87
Less: Allocated to fuel cost	728.75	738.37
Transferred to expenditure during construction period (Note 44)	91.30	87.15
Total	15680.41	14906.14

* Depreciation of PP-II Units include , depreciation of asset sold during the year.





NTPC-SAIL POWER COMPANY LTD.

Note No. 43 to the Financial Statements

Other expenses

			₹ in Lakhs
FOR THE PERIOD ENDED	31.03.2020	31.03.2019	
Power charges	138.15	103.43	
Less: Recovered from contractors & employees	21.27	23.41	
	116.88	80.02	
Water charges	3520.89	3620.25	
Stores consumed	481.88	501.66	
Rent	41.99	64.53	
Less: Recoveries	-	-	
	41.99	64.53	
Repairs & maintenance			
Buildings	683.50	441.70	
Plant & machinery	10424.56	10122.96	
Others	2506.17	2021.30	
Insurance	805.15	531.22	
Brokerage and commission	2.77	7.96	
Rates and taxes	558.05	665.97	
Water cess & environment protection cess	23.50	22.06	
Training & recruitment expenses	150.71	161.12	
Less: Receipts	-	-	
	150.71	161.12	
Communication expenses	421.96	346.80	
Travelling expenses	1045.20	1074.72	
Tender expenses	5.82	29.29	
Less: Receipt from sale of tenders	1.83	3.10	
	3.99	26.19	
Payment to auditors	18.05	16.96	
Advertisement and publicity	2.70	3.43	
Electricity Duty	20098.13	19097.68	
Parallel operation charges	598.99	396.65	
Security expenses	3303.92	3478.54	
Entertainment expenses	123.62	109.11	
Expenses for guest house	125.60	113.81	
Less: Recoveries	1.75	3.08	
	123.85	110.73	
Education expenses	0.68	0.87	
Ash utilisation & marketing expenses	1906.11	666.67	
Professional charges and consultancy fee	782.97	695.50	
Legal expenses	42.47	39.05	
EDP hire and other charges	454.97	344.28	
Printing and stationery	19.34	26.46	
Hiring of vehicles	298.41	320.93	
Horticulture expenses	149.65	150.29	
Loss on disposal of fixed assets (Net)/Write-off of fixed assets	153.87	321.08	
Survey and investigation expenses written off	44.22	42.35	
Miscellaneous expenses	245.41	229.01	
	49154.56	45738.05	
Less: Allocated to fuel cost	577.60	262.40	





NTPC-SAIL POWER COMPANY LTD.

Note No. 43 to the Financial Statements Other expenses

		₹ in Lakh
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Discounting of Long Term Liability	17.65	20.32
Transferred to fly ash utilisation reserve fund (Note 22)	786.86	494.74
Transferred to expenditure during construction period (Note 44)	1468.79	869.79
	2850.90	1647.25
Corporate Social Responsibility (CSR) expense	768.56	646.80
Provisions for		
Interest on refund to customers	1027.23	695.54
Bad and Doubtful debts/ Beneficiary claims	533.39	-
	1560.62	695.54
Total	48632.84	45433.14
Details in respect of payment to auditors as Auditors		
Audit Fee	12.06	9.00
Tax Audit Fee	3.22	3.00
In Other Capacity		
Other services (certification fee)	1.28	1.65
Reimbursement of expenses & Others	1.49	3.31
Reimbursement of Goods & Service Tax *	-	-
Total	18.05	16.96

* Input Tax Credit in respect of auditor fee claimed by company, the amount is not charged to expenditure.





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Note No. 44 to the Financial Statements

Expenditure during construction period (net)

	₹ in Lakhs	
FOR THE PERIOD ENDED	31.03.2020	31.03.2019
A. Employee benefits expense		
Salaries and wages	2342.40	1310.56
Contribution to provident and other funds	53.07	40.57
Staff welfare expenses	61.65	54.60
Total (A) (Note 40)	2457.12	1405.73
B. Finance costs		
Interest on Rupee term loans	8960.19	5934.62
Others	(9.52)	39.26
Total (B) (Note 41)	8950.67	5973.88
C. Depreciation and amortisation (Note 42)	91.30	87.15
D. Generation, administration & other expenses		
Repair & maintenance	634.04	115.62
Insurance	0.59	-
Rates and taxes	5.11	9.71
Communication expenses	20.83	14.46
Travelling expenses	100.39	77.39
Tender expenses	-	-
Advertisement & publicity	-	-
Entertainment expenses	9.91	8.62
Professional charges & consultancy fee	481.35	438.03
Printing and stationery	0.53	0.76
Miscellaneous expenses	216.04	205.19
Total (D) (Note 43)	1468.79	869.79
E. Less: Other income		
Interest on term deposit	-	-
Interest on employee loan	-	-
Miscellaneous income	20.32	13.35
Total (E) (Note 38)	20.32	13.35
Grand total (A+B+C+D-E) *	12947.56	8323.20

* Carried to capital work-in progress - (Note 3)



45. Disclosure as per Ind AS 1 " Presentation of Financial Statements'**A) Changes in significant accounting policies (Note 1) :**

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

a) Certain changes has been made in accounting policy No. C 1.5 (Depreciation) to provide further clarification regarding depreciation policy

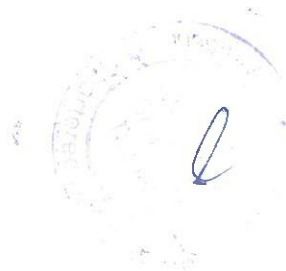
b) With Effect from 01.04.2019, Ind AS 17 has been replaced with Ind AS 116, in order to comply with same, reference made in accounting policy no. C 6 (Borrowing costs), C 22 (Financial instruments), D 6 (Leases not in legal form of lease) of Ind AS 17 has been replaced with Ind AS 116.

c) The disclosure in accounting policy No.10 (Revenue) during financial year 2018-19, with respect to first year of adoption of Ind AS 115 has been deleted.

d) With Effect from 01.04.2019, Ind AS 17 has been replaced with Ind AS 116, in order to comply with same, policy No. C 13 (Leases) relating to Ind AS 17 has been replaced with policy relating to Ind AS 116.

e) Addition has been made in accounting policy No. C 17 (Income Tax) to provide additional clarification on Deferred Tax Asset.

There financial statements due to Implementation of Ind AS 116 with effect from 01.04.2019 in place of Ind AS has been disclosed in Note No.48.





NTPC-SAIL POWER COMPANY LTD.

46. Disclosure as per Ind AS 2 " Inventories'

(a) Amount of inventories consumed and recognized as expense during the year is as under:

₹ in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fuel Cost	85,485.10	70,940.60
Others	4296.517	4,142.25

(b) Carrying amount of inventories pledged as security for borrowings as at 31st March 2020 is ₹ 27409.14 Lakhs (31 March 2019 : 11164.22 Lakhs)





NTPC-SAIL POWER COMPANY LTD.

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

FOR THE PERIOD ENDED		₹ in Lakhs	
		31.03.2020	31.03.2019
(A) Income Tax Expense			
i) Income tax recognised in statement of profit and loss			
Current tax expense			
Current year		6,657.08	7,739.45
Adjustment for prior periods (Written Back)/ Created		-	5.13
		6,657.08	7,744.58
Deferred tax expense			
Origination and reversal of temporary differences		(2,661.73)	(501.52)
MAT Credit Entitlement		(3,872.27)	(3,363.49)
		(6,534.00)	(3,865.01)
Total Income tax recognised in statement of profit and loss		123.08	3,879.57

FOR THE PERIOD ENDED		₹ in Lakhs	
		31.03.2020	31.03.2019
ii) Income tax recognised in other comprehensive income			
	Before tax	Tax expense/ (benefit)	Net of tax
- Net actuarial gains/(losses) on defined benefit plans	(549.95)	(96.09)	(453.86)
- Net gains/(losses) on fair value of equity instruments measured through other comprehensive income	-	-	-
	(549.95)	(96.09)	(453.86)

FOR THE PERIOD ENDED		₹ in Lakhs	
		31.03.2020	31.03.2019
(iii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate			
Profit before tax		37,019.10	40,112.98
Tax using the Company's domestic tax rate of 17.472% (31 March 2019- 21.549%)		6,467.98	8,643.87
Tax effect of:			
Non-deductible tax expenses		279.88	188.94
Others		(90.78)	(1,093.34)
Prior Period		-	5.13
Deferred Tax (Asset)/Liability		(2,661.73)	(501.52)
MAT Credit Entitlement		(3,872.27)	(3,363.49)
		123.08	3,879.57
At the effective income tax rate of 0.33 % (31 March 2019: 9.67%)		0.33	9.67

₹ in Lakhs				
(B) MAT Credit available to the Company in future:				
AS AT	31.03.2020	Expiry date	31.03.2019	Expiry date
Financial years				
For the year 2019-20	3,580.53	31.03.2035		
For the year 2018-19	3,644.81	31.03.2034	3,470.84	31.03.2034
For the year 2017-18	3,927.85	31.03.2033	3,968.82	31.03.2033
For the year 2016-17	2,837.74	31.03.2032	2,943.74	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 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 80 IA tax 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 tax 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 2019-20.

(C) There are no unused tax losses to be carried forward as on 31 March 2020 and 31 March 2019.



47 A. Disclosure as per Indian Accounting Standard - 12 on 'Income taxes' Appendix "C" Possible Impact on Taxable Profit/Tax Bases / Unused Tax Credits as on 31st March 2020.					
FINANCIAL YEAR	Sub-judice Authority	Amount in dispute (₹ Lakhs)	Possible Impact (₹ Lakhs)	MATTER	Remarks, if any
2006-07	Supreme Court of India	331.58	112.70	Disallowance of deduction of Interest Earned on Temporary deposit of Construction Fund from Project Cost	Decided by Delhi High Court in Company Favour
		Interest	149.90		Below the Limit for Filing Appeal of Rs.200 Lakhs as per Income Tax Circular No.17/2019 may be dismissed when heard (Taken in Contingent Liability)
2008-09	High Court	1,538.00	522.00	Disallowance of deduction of Interest Earned on Temporary deposit of Construction Fund from Project Cost	Not Admitted by High Court Pending Under Objection Vide Appeal No.116747/2016 (Taken in Contingent Liability)
		Interest	527.22		
2009-10	Income Tax Appellate Tribunal	20,317	7,099.60	Disallowance of Claim of Additional Depreciation on Plant & Machinery	The Disallowance was added in Normal Income however Tax was Computed and paid at MAT Rate, if matter was decided against NSPCL MAT Credit will be reduced.
2010-11	High Court	104.62	36.36	Disallowance of Claim of deduction of Corporate Social Responsibility Expenditure	Below the Limit for Filing Appeal of Rs.100 Lakhs as per Income Tax Circular No.17/2019 may be dismissed when heard.
2010-11	Supreme Court of India	1,412.83	469.31	Disallowance of Claim of Additional Depreciation on Plant & Machinery	The Disallowance was added in Normal Income however Tax was Computed and paid at MAT Rate, if matter was decided against NSPCL MAT Credit will be reduced.
2010-11	Supreme Court of India	55.67	18.49	Disallowance of claim of deduction of Other Retirement Benefit	May be dismissed since covered in favour of the Company by decision of the jurisdictional High Court of Delhi in the case of CIT Vs Insilco Ltd. 197 Taxman 55 - where the liability provided for 'Long Service Awards' on actuarial basis and in term of the prescribed Accounting Standard AS 15 has been held as allowable by referring to the decision of Hon'ble court in case of Metal Box Co. of India Ltd.
2013-14	Income Tax Appellate Tribunal	169.55	59.25	Disallowance of Claim of deduction of Corporate Social Responsibility Expenditure	The Disallowance was added in Normal Income however Tax was Computed and paid at MAT Rate, if matter was decided against NSPCL MAT Credit will be reduced.
2013-14	Income Tax Appellate Tribunal	112.58	39.34	Disallowance of Claim of Depreciation on Enabling Assets	Below the Limit for Filing Appeal of Rs.50 Lakhs as per Income Tax Circular No.17/2019 may be dismissed when heard.
2015-16	Commissioner of Income Tax (Appeals)	64.84	22.66	Disallowance of Claim of Depreciation on Enabling Assets	The Disallowance was added in Normal Income however Tax was Computed and paid at MAT Rate, if matter was decided against NSPCL MAT Credit will be reduced.

POSSIBLE IMPACT

- (1) Financial Year 2008-09- Cash Outflow ₹ 1049.22 Lakhs.
- (2) Financial Year 2006-07, 2010-11 & 2013-14 - May be withdrawn or decided in Company Favour- ₹ 356.99 Lakhs.
- (3) Financial Year 2009-10, 2010-11, 2013-14 & 2015-16 - Impact of Unused Minimum Alternate Tax Credit ₹ 7650.81 Lakhs.
- (4) Disallowance of Claim of Depreciation on Enabling Assets was made by Assistant Commissioner of Income Tax for financial year 2015-16, may be made by Income Tax





48 Disclosure as per Ind AS 116 "Leases"
(A) Transition to Ind AS 116

(a) Effective 1 April 2019, the Company adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019, using the modified retrospective method. Accordingly, the comparatives as at and for the year ended 31 March 2019 have not been restated. On the date of initial application, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application and a corresponding right-of-use asset adjusted for the amount of prepaid or accrued payments on the lease.

(b) The Company has applied the following practical expedients on initial application of Ind AS 116:

- (i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- (ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and for leases where the underlying asset is of low value on the date of initial application.
- (iii) Excluded the initial direct costs, if any, from the measurement of the right-of-use asset at the date of initial application.
- (iv) Elected to use the practical expedient not to apply this Standard to contracts that were previously identified as containing a lease applying Ind AS 17.
- (v) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) On transition to Ind AS 116, the Company has recognised lease liabilities and equivalent amount of right-of-use assets amounting to Rs. 279.31 Lacs. Further, land amounting to Rs. 5182.87 have been classified/reclassified and presented as Right-of-use assets on the Balance Sheet.

(d) On transition to Ind AS 116, the average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116 is 7.90 %.

(e) The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

₹ in Lakhs	
Particulars	Amount
Leases)	-
Less: Effect of discounting on above	-
Discounted recognised lease liabilities as at 1 April 2019	-
Discounted recognised lease liabilities as at 1 April 2019 (Pertaining to cancellable leases commitments as on 31 March 2019)**	279.31
Lease liabilities related to contracts previously classified as finance lease	2,000.67
Total lease liabilities recognised as at 1 April 2019	2,279.98

** The lease liability pertain to cancellable leases commitments as on 31 March 2019 which were not required to be disclosed under erstwhile Ind AS 17.

i. Leases as lessee

- a) The Company's leasing arrangements in respect of Land at Rourkela, Durgapur & Bhilai Plants with SAIL with lease period of 30 to 33 Years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. These leases are capitalised at the present value of total minimum lease payments to be paid over lease term or further renewal period, if fair value is more than cost already capitalized. Future lease rentals are recognised as "Finance lease obligation" at their present values. The leasehold land is amortised considering the significant accounting policies of the Company.

b) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land
As at 1st April 2019	5,462.18
- Additions	-
- Depreciation Expenses	301.50
As at 31st March 2020	5,160.67

c) Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:

Opening Balance	2,279.98
- Additions in lease liabilities	-
- Interest cost during the year	207.80
- Payment of lease liabilities	255.60
Closing Balance	2,232.18
Current	52.23
Non Current	2,179.95

d) Maturity Analysis of the lease liabilities:

Contractual undiscounted cash flows	as on 31st March, 2020
3 months or less	-
3-12 Months	52.23
1-2 Years	57.08
2-5 Years	205.01
More than 5 Years	1,917.86
Lease liabilities included in the statement of financial position as at 31st March 2020	2,232.18

e) The following are the amounts recognised in profit or loss:

Particulars	For 31st March 2020
Depreciation expense for right-of-use assets	301.50
Interest expense on lease liabilities	207.80
Expense relating to short-term leases	-
Total Amount recognised in profit & Loss	509.30

f) The following are the amounts recognised in cash flow statement:

Particulars	For 31st March 2020	as on 31st March, 2019
Cash Outflow from leases**	255.59	-

** The lease liability pertain to cancellable leases commitments as on 31 March 2019 which were not required to be disclosed under erstwhile Ind AS 17.



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- g) The Company's other 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 40 - Employee benefits expense includes ₹ 29.43 lakhs (31 March 2019: ₹ 54.63 lakhs) towards lease payments (net of recoveries) in respect of premises for residential use of employees.

'Right-of-use assets' in respect of Bhilai PP-III, Rourkela & Durgapur Projects have been shown under Lease Hold Land in Note 2 : Non-current assets -Property Plant and Equipment. Similarly Non Current portion of Lease hold liability has been shown in Note No 25.Non-current liabilities - Other financial liabilities and Current portion of Lease hold liability has been in Note No.31.Current liabilities - Other financial liabilities.

- h) The Asset Retirement Obligation and Lease Liability for Bhilai PP-II is not accounted because of Low Value of Underlying Assets.

ii. 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

Major Terms of PPAs are as below:

Tenure of PPA - The Validity of PPA as on 31st March 2020 & 31st March 2019 is upto November 2019 with Commitment of SAIL to buy power upto March 2029 as on 31st March 2020 and upto March 24 as on 31st March 2019 .

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

	31.03.2020		31.03.2019	
	MLPs	Present value of MLP	MLPs	Present value of MLP
Less than one year	11,443.00	1,889.00	12,961.18	2,976.18
Between one and five years	41,196.00	8,542.00	54,527.33	28,663.33
More than five years	44,531.00	25,582.00	-	-
Total minimum lease payments	97,170.00	36,013.00	67,488.51	31,639.51
Less amounts representing finance income	61,157.00		35,849.00	-
Present value of minimum lease payments	36,013.00		31,639.51	-

Risk management strategy for the rights it retains in the underlying assets. E.g., buy back agreements, residual value guarantees or variable lease payments for use



49. 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 ₹792.57 lakhs made to the trust for the year 2019-20 (31 March 2019: ₹829.98 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 ₹ 336.54 lakhs made to the fund for the year 2019-20 (31 March 2019: ₹ 647.41 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 ₹ 20 lakhs on superannuation, resignation, termination, disablement or on death.

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

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

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2020	31.03.2019
Net defined benefit (asset)/liability :		
Gratuity	3,432.61	2,869.78
Non-current	3,162.02	2,655.32
Current	270.59	214.46

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

FOR THE PERIOD ENDED	₹ in Lakhs					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/ liability	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening balance	2,869.78	2,871.15	2,662.39	2,093.76	207.39	777.39
Included in statement of profit and loss:						
Current service cost	234.80	190.98	-	-	234.80	190.98
Past service cost	-	-	-	-	-	-
Interest cost (income)	222.41	218.21	206.34	159.13	16.07	59.08
Total amount recognised in statement of profit and loss	457.21	409.19	206.34	159.13	250.87	250.06
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	315.64	(40.77)	-	-	315.64	(40.77)
Financial assumptions	(50.41)	22.65	-	-	(50.41)	22.65
Experience adjustment	-	-	(3.22)	24.56	3.22	(24.56)
Return on plan assets excluding interest income	-	-	(3.22)	24.56	3.22	(24.56)
Total amount recognised in OCI	265.23	(18.12)	(3.22)	24.56	268.45	(42.68)
Others						
Contributions paid by the employer	51.61	-	258.99	777.38	(207.38)	(777.38)
Benefits paid	(211.21)	(392.43)	(211.21)	(392.43)	-	-
Total	(159.60)	(392.43)	47.78	384.95	(207.38)	(777.38)
Closing balance	3,432.61	2,869.78	2,913.29	2,662.39	519.32	207.39

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:

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2020	31.03.2019
Net defined benefit (asset)/liability :		



Post-Retirement Medical Facility (PRMF)	1,772.20	1,362.38
Non-current	1,705.16	1,303.03
Current	67.03	59.36

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

FOR THE PERIOD ENDED	₹ in Lakhs					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening balance	1,362.38	1,005.08	1,027.31	827.51	335.07	177.57
Contribution for Employees retired before 01.01.07		-		(9.53)	-	9.53
Included in statement of profit and loss:						
Current service cost	105.58	76.39		-	105.58	76.39
Past service cost						
Interest cost (income)	47.16	43.67	97.00	82.86	(49.84)	(39.18)
Total amount recognised in statement of profit and loss	152.74	120.06	97.00	82.86	55.75	37.20
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions						
Financial assumptions	174.37	(30.50)	-	-	174.37	(30.50)
Experience adjustment	123.09	350.21	-	-	123.09	350.21
Return on plan assets excluding interest income			-	-	-	-
Total amount recognised in other comprehensive income	297.46	319.71	-	-	297.46	319.71
Other						
Contributions paid by the employee	-	-	46.41	-	(46.41)	-
Contributions paid by the employer	-	-	335.07	208.94	(335.07)	(208.94)
Benefits paid	(40.39)	(82.47)	(40.39)	(82.47)	-	-
Total	(40.39)	(82.47)	341.09	126.48	(381.48)	(208.94)
Closing balance	1,772.20	1,362.38	1,465.40	1,027.31	306.79	335.07

C. Provident Fund

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

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2020	31.03.2019
Provident Fund		
Present value of obligation as at year end	17,132.64	14,795.76
Fair value of plan assets as at year end	17,273.20	14,817.39
Surplus/(Deficit)	140.55	21.63

D. Other retirement benefit plans

a) Other retirement benefit plans include baggage allowance for settlement at home town for employees & dependents and farewell gift to the superannuating employees. The scheme above is unfunded and liability for the same is recognised on the basis of actuarial valuation.

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

FOR THE PERIOD ENDED	₹ in Lakhs	
	31.03.2020	31.03.2019
Net defined benefit (asset)/liability :		
Terminal Benefits	288.69	217.43
Non-current	278.34	208.93
Current	10.34	8.50

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

FOR THE PERIOD ENDED	₹ in Lakhs					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening balance	217.43	198.74	-	-	217.43	198.74
Included in profit or loss:						
Current service cost	34.45	27.89	-	-	34.45	27.89
Past service cost						
Interest cost (income)	16.85	15.10	-	-	16.85	15.10
Total amount recognised in profit or loss	51.30	42.99	-	-	51.30	42.99
Included in OCI:						
Remeasurement loss (gain):						



Actuarial loss (gain) arising from:

Demographic assumptions					
Financial assumptions	23.98	(15.98)	-	-	23.98 (15.98)
Experience adjustment					
Return on plan assets excluding interest income					
Total amount recognised in other comprehensive income	23.98	(15.98)	-	-	23.98 (15.98)
Other					
Contributions paid by the employer					
Benefits paid	(4.03)	(8.32)	-	-	(4.03) (8.32)
Total	(4.03)	(8.32)	-	-	(4.03) (8.32)
Closing balance	288.69	217.43	-	-	288.69 217.43

OTHER DISCLOSURES

a. Plan assets

Plan assets comprise the following

FOR THE PERIOD ENDED

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

₹ in Lakhs					
31.03.2020			31.03.2019		
Quoted	Unquoted	Total	Quoted	Unquoted	Total
613.97	-	613.97	234.35	-	234.35
109.64	-	109.64	109.64	-	109.64
836.59	-	836.59	836.59	-	836.59
2,805.43	-	2,805.43	2,608.82	-	2,608.82
7.84	-	7.84	25.31	-	25.31
4,373.48	-	4,373.48	3,814.71	-	3,814.71

b. Actuarial assumptions

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

FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Discount rate	6.75%	7.75%
Expected return on plan assets		
Gratuity	6.75%	7.75%
PRMF	6.75%	7.75%
Annual increase in costs	6.50%	6.50%
Salary escalation rate	6.50%	6.50%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. 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		31.03.2020		31.03.2019
		Increase	Decrease	Increase Decrease
Discount rate (0.5% movement)		-283.98	310.55	-242.68 254.48
Annual increase in costs (0.5% movement)-For PRMF, Baggage & Farewell		137.83	-120.50	114.69 -113.89
Salary escalation rate (0.5% movement)-For Gratuity		78.72	-78.84	66.04 -70.61

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

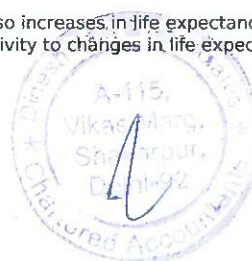
A decrease in discount rate will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(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 2020					
Gratuity	270.59	294.81	527.59	2,339.61	3,432.61
Post-retirement medical facility (PRMF)	67.03	68.06	250.87	1,386.22	1,772.20
Other retirement benefit plans	10.34	11.89	20.48	245.96	288.69
Total	347.97	374.77	798.95	3,971.80	5,493.49
31 March 2019					
Gratuity	214.46	90.53	219.58	2,345.22	2,869.78
Post-retirement medical facility (PRMF)	59.36	64.70	233.90	1,004.43	1,362.38
Other retirement benefit plans	8.50	1.80	8.61	198.52	217.42
Total	282.31	157.03	462.08	3,548.16	4,449.59

Expected contributions to post-employment benefit plans for the year ending 31 March 2021 are ₹ 431.31 lakhs.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.31 years (31 March 2019: 16.60 years).

f. Total amount booked under OCI for (ii) A(b), B(b) & D(b) charged to profit & loss account is ₹ 453.86 lakhs (net of taxes) gross ₹ 549.95 lakhs (31 March 2019: ₹ 188.48 lakhs (net of taxes) gross ₹ 240.36 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 ₹ 1256.44 lakhs (31 March 2019: ₹ 842.27 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 ₹ 31.62 lakhs (31 March 2019: ₹ 10.89 lakhs) and economic rehabilitation scheme amounting to ₹ 46.03 lakhs (31 March 2019: ₹ 27.35 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 ₹ 733.48 lakhs (previous Year ₹ 1006.33 lakhs) towards provident fund, Pension, Gratuity, Post retirement medical facilities & other terminal benefits and ₹ 259.52 lakhs (Previous Year ₹ 361.31 lakhs) towards leave, are paid/ payable to the promoter Company, NTPC Ltd and included under, "Employee benefits expense".





50. Disclosure as per Ind AS 23 'Borrowing Costs'

Borrowing costs capitalized during the year is ₹ 8950.67 Lakhs (31 March 2019: ₹ 5973.88 Lakhs).





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

A) Related parties:

i) Jointly Controlled by Government Entities

NTPC and SAIL with 50% shareholding of each company

ii) Joint Venture & Subsidiary of Promoters Company NTPC

Subsidiaries of NTPC:

1. NTPC Vidyut Vyapar Nigam Limited.(NVVN)

Joint ventures of NTPC:

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

B) Key Managerial Personnel (KMP):

	In Position in NSPCL	
	From	To
Shri Saptarshi Roy* Chairman	15.11.2017	Till date
Shri Sudhir Arya* Director	27.04.2015	29.07.2019
Shri Tej Veer Singh* Director	19.10.2012	Till date
Shri M.C.Jain* Director	04.02.2016	03.08.2019
Mrs. Alka Saigal* Director	22.08.2018	Till date
Shri. Adesh* Director	25.01.2019	Till date
Shri P.K.Dash* Director	25.10.2018	17.10.2019
Shri K.V.Ramana* Director	25.01.2019	08.08.2019
Shri Ashok Panda* Director	20.09.2019	Till date
Shri Anish Kumar Bhatta* Director	05.11.2019	Till date
Shri P. K. Bondriya Chief Executive Officer	03.01.2018	Till date
Shri N. Ghosh Chief Financial Officer	21.07.2017	22.04.2019
Shri N.K.Gupta Chief Financial officer	20.05.2019	Till date
Smt. Umang Vats Company Secretary	24.08.2015	25.10.2019
Ms Dimpy Trikha Company Secretary	09.12.2019	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, only commercial transactions with such entities needs to be disclosed.

E) Transactions with the related parties are as follows:

₹ in Lakhs

Promoter Companies & Subsidiaries and Joint Venture of Promoter Companies as per A i & ii	Subsidiaries		Joint Venture Companies				Promoter Companies			
	NVVN		UPL		NTPC-GE Power Services Private Limited		NTPC		SAIL	
Particulars	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Transactions during the year	-	-	-	-	-	-	-	-	-	-





NTPC- SAIL Power Company Limited

works/services for services received by the Company	-	1.18	3,805.46	3,949.30	161.43	279.13	1,201.44	739.76	76.24	-
works/services for services provided by the Company	-	-	-	-	-	-	-	-	-	-
Purchases or Sales of Goods	-	-	-	-	-	-	35.68	-	210.77	278.90
Sales of Energy/ Others as per Ind AS 116	-	-	-	-	-	-	-	-	2,46,564.17	2,08,558.21
Others	-	-	-	-	-	-	-	-	34,470.93	10,842.77
Dividend paid	-	-	-	-	-	-	5,000.00	2,000.00	5,000.00	2,000.00

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

₹ in Lakhs		
Details	2019-20	2018-19
-Short term employee benefits	123.18	157.06
-Post employment benefits	5.08	3.99
-Other long term benefits	7.07	11.80
Total Compensation to Key management personnel	135.33	172.86

-Outstanding loan Balance	9.32	6.32
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G) Transactions with Post Employment Benefit Plans as per (C) above

₹ in Lakhs		
Details	2019-20	2018-19
Contributions made during the year		
NSPCL Employees Provident Fund Trust	2,057.69	2,129.72
NSPCL Employees Gratuity Fund Trust	519.32	207.39
NSPCL Defined Contribution Pension Trust	399.69	652.15
NSPCL Employees Post Retirement Medical Benefit Fund	306.79	335.07

Details	2019-20	2018-19
Other Transaction with Trust (Payment)		
NSPCL Employees Provident Fund Trust	75.20	82.86
NSPCL Employees Gratuity Fund Trust	-	7.96
NSPCL Employees Post Retirement Medical Benefit Fund	57.23	82.57

Details	2019-20	2018-19
Other Transaction with Trust (Receipt)		
NSPCL Employees Provident Fund Trust	-	-
NSPCL Employees Gratuity Fund Trust	-	7.96
NSPCL Employees Post Retirement Medical Benefit Fund	57.23	82.57

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

₹ in Lakhs			
Name of the Company	Nature of transaction	2019-20	2018-19
COAL INDIA LTD. AND ITS SUBSIDIARIES	Purchase of Coal	53,029.55	29,671.73
THE SINGARENI COLLIERIES COMPANY LIMITED	Purchase of Coal	16,576.57	10,935.61
BHARAT HEAVY ELECTRICALS LTD.	Purchase of Equipments & Erection services	1,804.51	11,529.49
	Purchase of Spares	33,339.99	1,095.29
	Maintenance services	1,728.85	43,603.60
INDIAN OIL CORPORATION LIMITED	Supply of oil products	1,542.59	425.00
BHARAT PETROLEUM CORPORATION LIMITED	Supply of natural gas and oil	252.77	142.00
BEML LIMITED	Purchase of Spares	154.57	69.06
	Maintenance services	30.20	35.73
POWER GRID CORPORATION OF INDIA LTD	Maintenance services	208.40	134.61
MSTC LIMITED	Service charges	21.75	6.09
RITES LTD	Maintenance services	844.32	652.25
HMT LIMITED	Erection services	92.61	42.53
BALMER LAWRIE & CO. LTD	Freight	98.56	190.82
MECON LTD	Consultancy	132.98	228.38
MMTC LTD	Coal	-	-
BSNL	Service charges	54.07	545.51
NBCC	Service charges	43.61	67.89
NTPC School of Business	Service charges	0.53	7.50
NTPC Consultancy Wing	Service charges	479.31	1.57
NTPC PMI	Training	0.70	-

I) Outstanding balances with related parties are as follows:



₹ in Lakhs

Amount Recoverable	March 31st, 2020	March 31st, 2019
-NTPC	-	-
NTPC	6.80	96.66
SAIL	17,966.19	7,853.73
HMT LIMITED	3.39	3.22
INDIAN OIL CORPORATION LIMITED	58.29	29.55
HINDUSTAN PETROLEUM CORPORATION LTD	6.24	6.24
BHARAT HEAVY ELECTRICALS LTD.	1,007.66	114.82
BALMER LAWRIE & CO. LTD	2.16	1.22
POWER GRID CORPORATION OF INDIA LTD	6.59	0.39
NVVN (CUSTOMERS)	-	-
COAL INDIA LTD. AND ITS SUBSIDIARIES	8,732.99	10,574.03
NTPC-GE Power Services Private Limited	1.98	2.45
NSPCL Defined Contribution Pension Trust	166.42	1.74
NTPC-Consultancy Wing	-	4.52
Bharat Petroleum Corporation Ltd	0.93	3.58
BITES LIMITED	509.96	383.51
THE SINGARENI COLLIERIES COMPANY LIMITED	0.60	-
Total : Amount Recoverable	28,470.20	19,075.66

₹ in Lakhs

Amount Payable	March 31st, 2020	March 31st, 2019
NTPC	-	285.22
SAIL	371.35	24.08
NSPCL Employees Gratuity Fund	519.32	207.38
NSPCL Defined Contribution Pension Trust	48.65	0.70
NSPCL Post Retirement Employees Medical Benefit Fund	249.56	252.60
BITES LIMITED	36.71	32.86
BHARAT HEAVY ELECTRICALS LIMITED	13,597.27	5,613.60
HMT LIMITED	8.79	0.20
BHARAT PETROLEUM CORPORATION LTD	1.43	3.31
UTILITY POWERTECH LIMITED	200.46	24.97
NTPC-GE Power Services Private Limited	525.85	588.54
INDIAN OIL CORPORATION LIMITED	0.40	-
BALMER LAWRIE & CO. LTD	0.87	9.04
NTPC - CONSULTANCY WING	120.53	54.44
MMTC LTD	972.63	972.63
THE SINGARENI COLLIERIES COMPANY LIMITED	567.88	229.82
POWER GRID CORPORATION OF INDIA LTD	11.50	40.12
MSTC Limited	2.26	6.13
BEML	0.10	0.05
NTPC PMI	0.53	-
Total : Amount Payable	17,236.07	8,345.69

J) Terms and conditions of transactions with the related parties

- (1) Transactions with the related parties are made on normal commercial terms and conditions and at market rates.
- (2) Consultancy services provided by the Promoters are generally on nomination basis at the terms, conditions and principles applicable for consultancy services provided to other parties.
- (3) Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.
- (4) The Company is assigning jobs on contract basis, for sundry works in plants/stations/offices to M/s Utility Powertech Ltd. (UPL), a 50:50 joint venture between NTPC Ltd. and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling, repair, refurbishment of various mechanical and electrical equipment of power stations. The Company has entered into Power Station Maintenance Agreement with UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.



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

FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Basic and diluted earnings per share (₹)		
From operations	3.76	3.70
Total (₹)	3.76	3.70
Nominal value per share (₹)	10.00	10.00

FOR THE PERIOD ENDED	31.03.2020	31.03.2019
Profit attributable to equity shareholders		
From operations	36,896.02	36,233.41
Total	36,896.02	36,233.41

₹ in Lakhs

FOR THE PERIOD ENDED	31.03.2020	31.03.2019
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



53. 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, the Company is also recovering through fixed charges, cost of working capital and operating and maintenance expenses, Interest on Loan and cost of fuel is primarily recovered as variable charges.

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 - As per Ind AS 116, 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 31.03.2020. Hence the assets are carried out at their existing value.



54. 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Carrying amount at the beginning of the year	2,201.19	1,505.65	2,431.95	3,322.14	4,633.14	4,827.79
Additions during the year	1,027.23	695.54	533.39	-	1,560.61	695.54
Amounts used during the year	-	-	-	-	-	-
Reversal / adjustments during the year	-	-	-	(890.19)	-	(890.19)
Carrying amount at the end of the year	3,228.42	2,201.19	2,965.34	2,431.95	6,193.75	4,633.14

i) Provision for tariff adjustment

The company has made provision for Interest on Refund to PP-III Customers as per 2014-19 CERC Regulations, which is mainly towards the estimated interest payable to beneficiaries at the time of issue of tariff orders.

ii) Others

Other provision includes , provision for UI Charges receivable from Chattisgarh State Electricity Board , provision for Receivable arising from Sale of Energy to SAIL and provision for surcharge receivable on Sale of Energy from DNH.

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.

iv) In respect of provision for cases under litigation, outflow of economic benefits is dependant upon the final outcome of such cases.

v) Contingent liabilities and contingent assets

Disclosure with respect to Contingent Liabilities and Contingent Assets, if any are made in Note 60.



55. Disclosure as per Ind AS 108 on 'Operating segments'

A. General Information

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

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

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

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

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

Particulars	Generation of energy from PP-III		Generation of energy from PP-II		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Segment revenue						
Sale of energy/ Interest on Finance Lease Recoverable	1,51,705.42	1,33,528.72	1,33,587.84	1,32,130.52	2,85,293.26	2,65,659.24
Other income	2,939.56	5,367.68	379.90	366.23	3,319.46	5,733.91
	1,54,644.98	1,38,896.40	1,33,967.74	1,32,496.75	2,88,612.72	2,71,393.15
Unallocated corporate interest and other income					533.57	2,527.46
Total					2,89,146.29	2,73,920.62
Segment result	43,861.87	44,464.39	13,696.70	14,415.60	57,558.57	58,879.99
Unallocated corporate Results			-	-	(3,457.21)	(1,611.08)
Interest expenses	200.36	1,326.46	799.22	880.61	999.59	2,207.08
Unallocated corporate Interest expenses			-	-	402.26	42.72
Depreciation and amortization	14,631.16	13,921.00	817.63	733.63	15,448.79	14,654.63
Unallocated corporate Depreciation & amortization					231.62	251.52
Income Tax		-		-	2,784.81	7,243.06
Deferred Tax		-		-	(2,661.73)	(3,363.49)
Profit after tax	-	-	-	-	36,896.02	36,233.41

Particulars	Generation of energy from PP-III		Generation of energy from PP-II		Total	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Segment assets	1,77,519.82	1,71,989.23	51,750.62	49,188.64	2,29,270.45	2,21,177.87
Unallocated corporate and other assets	-	-	-	-	26,595.90	13,231.11
Total assets	1,77,519.82	1,71,989.23	51,750.62	49,188.64	2,55,866.35	2,34,408.98
Segment liabilities	14,567.92	11,862.02	6,995.12	5,482.91	21,563.04	17,344.93
Unallocated corporate and other liabilities					1,49,335.38	1,07,119.90
Total liabilities	14,567.92	11,862.02	6,995.12	5,482.91	1,70,898.42	1,24,464.83
Non-cash expenses other than depreciation	1,560.61	695.54	-	-	1,560.61	695.54

Note :

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

C. Information about major customers

- Revenues from one customer i.e., from SAIL, in case of PP-III segment, represents approximately ₹ 113289.97 lakhs during FY 2019-20 (FY 2018-19: ₹ 76427.69 lakhs) which is 74.15 % (FY 2018-19: 57.24 %) of revenue from Sale of Energy of the unit.
- Revenue in case of PP-II Units viz, Rourkela, Durgapur & Bhilai Comes from Single Customer Viz, SAIL.



56. 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.





56 (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, 2020 the Company's most significant customer i.e SAIL, accounted for ₹ 10883.10 lakhs out of the total carrying amount of trade and other receivables of ₹ 11494.24 Lakhs (March 31st, 2019 : ₹ 3062.00 lakhs out of the total carrying amount of trade and other receivables of ₹ 7112.92 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 ₹ 13034.82 lakhs as on 31 March 2020. (31 March 2019: ₹ 5203.20 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 ₹ 320.76 lakhs as on 31 March 2020 (31 March 2019: ₹ 2719.08 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	
	31.03.2020	31.03.2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Non-current loans	1,793.35	1,630.01
Other non-current financial assets	34,124.71	28,662.51
Cash and cash equivalents	13,034.82	5,203.20
Short term investments	-	2,456.69
Deposits with banks and financial institutions	320.76	262.39
Current loans	610.10	564.05
Other current financial assets	10,351.77	11,787.37
Total	60,235.51	50,566.22





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	₹ in Lakhs	
	31.03.2020	31.03.2019
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	11,494.24	7,112.92
Total	11,494.24	7,112.92

(ii) Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12

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

The company has customers (Central and State government utilities) with strong capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Loss allowance for impairment has been recognised as disclosed later in this note under " Reconciliation of impairment loss provisions".

(iii) Ageing analysis of trade receivables

The ageing analysis of the trade receivables is as below:

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount							
31.03.2020	-	3,059.02	8,435.22	-	-	-	11,494.24
31.03.2019	-	4,749.92	2,363.00	-	-	-	7,112.92

(iv) Reconciliation of impairment loss provisions

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

	Investments	Trade receivables	Loans	Advances	Claims recoverable	Total
Balance as at 1 April 2019	-	2,427.66	-	4.29	-	2,431.95
Impairment (Gain)/loss recognised	-	533.39	-	-	-	533.39
Amounts written back	-	-	-	-	-	-
Balance as at 31 March, 2020	-	2,961.05	-	4.29	-	2,965.34

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



56 (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:

Particulars	₹ in Lakhs	
	31.03.2020	31.03.2019
Fixed-rate borrowings		
Term loans		1,00,000.00
Cash Credit Facility	8,040.00	16,500.00
Floating-rate borrowings		
Term loans	62,056.19	38,330.61
Total	70,096.19	1,54,830.61

(ii) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	₹ in Lakhs					
	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/ Bonds	4,926.69	6,818.18	11,590.91	78,698.51	25,987.54	1,28,021.83
Term loans from others	-	-	-	-	-	-
Finance lease obligations	-	52.23	57.08	204.94	1,917.93	2,232.18
Unsecured loans from banks and financial institutions	7,084.77	1,627.15	2,169.53	4,336.37	-	15,217.82
Trade and other payables	27,440.35	5,071.16	10,631.00	5,258.47	90.66	48,491.64
Total	39,451.81	13,568.72	24,448.52	88,498.29	27,996.13	1,93,963.47

Contractual maturities of financial liabilities	₹ in Lakhs					
	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	844.55	4,033.15	3,015.72	61,787.51	26,909.79	96,590.71
Term loans from others	-	-	-	-	-	-
Finance lease obligations	-	47.54	51.96	169.55	1,731.62	2,000.67
Unsecured loans from banks and financial institutions	247.60	742.79	990.39	2,971.16	-	4,951.93
Trade and other payables	27,733.54	6,117.15	6,884.67	407.07	2.95	41,145.38
Total	28,825.68	10,940.63	10,942.74	65,335.29	28,644.36	1,44,688.70



56 (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 outflows associated with floating rate borrowings will fluctuate with changes in interest rates.

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

Particulars	₹ in Lakhs	
	31.03.2020	31.03.2019
Fixed Rate Borrowings		
Fixed Rate Rupee term loans	50,000.00	50,000.00
Total	50,000.00	50,000.00
Variable-rate Borrowings		
Rupee term loans	93,239.64	51,542.65
Total	93,239.64	51,542.65

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, 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 2020		
Rupee term loans	(872.40)	872.40
Total	(872.40)	872.40
31 March 2019		
Rupee term loans	(456.75)	456.75
Total	(456.75)	456.75



57. Fair Value Measurements
(a) Financial instruments by category

₹ in Lakhs

Particulars	31.03.2020			31.03.2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Trade Receivables	-	-	11,494.24	-	-	7,112.92
Loans	-	-	2,403.45	-	-	2,194.06
Cash and cash equivalents	-	-	13,034.82	-	-	5,203.20
Other bank balances	-	-	320.76	-	-	262.39
Claims recoverable	-	-	2,188.88	-	-	-
Finance lease receivables	-	-	36,014.45	-	-	31,638.80
Unbilled revenue	-	-	6,089.45	-	-	8,684.22
Other financial assets	-	-	183.70	-	-	126.86
Total	-	-	71,729.75	-	-	55,222.45
Financial liabilities						
Borrowings	-	-	1,43,239.64	-	-	1,01,542.65
Trade payables	-	-	10,760.85	-	-	9,941.23
Payable for capital expenditure	-	-	27,779.68	-	-	15,138.36
Other financial liabilities	-	-	23,579.02	-	-	15,247.98
Total	-	-	2,05,359.19	-	-	1,41,870.22

(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 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans *	-	2,500.14	-	2,500.14
Claims recoverable	-	-	-	-
Finance lease receivables	-	-	36,014.45	36,014.45
Total	-	2,500.14	36,014.45	38,514.59
Financial liabilities:				
Borrowings	-	53,038.08	93,239.64	1,46,277.72
Trade payables	-	86.28	10,664.92	10,751.20
Payable for capital expenditure	-	2,383.40	25,165.19	27,548.59
Total	-	55,507.76	1,29,069.75	1,84,577.51

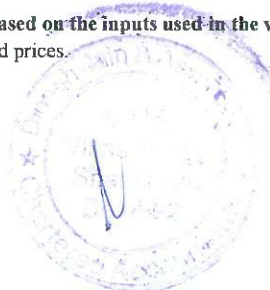
* Book Value of Loan is ₹ 2225.95 Lakhs

₹ in Lakhs

Assets and liabilities which are measured at amortised cost for which fair values are disclosed As at 31 March 2019	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	29,292.81	32,068.04
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

* Book Value of Loan is ₹ 2188.07 Lakhs

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 periodically evaluating credit worthiness of customer and providing allowance for estimated losses based on this evaluation.

- Fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

₹ in Lakhs

Particulars	31.03.2020		31.03.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	2,225.95	2,500.14	2,188.07	2,239.02
Claims recoverable	-	-	-	-
Finance lease receivables	36,014.45	36,014.45	31,638.80	31,638.80
Total	38,240.40	38,514.59	33,826.87	33,877.82
Financial liabilities				
Term loans	1,43,239.64	1,46,277.72	1,01,542.65	1,01,542.65
Trade payables	10,760.85	10,751.20	9,941.23	9,928.87
Payable for capital expenditure	27,779.68	27,548.59	15,138.36	15,043.72
Total	1,81,780.17	1,84,577.51	1,26,622.24	1,26,515.24

i) The carrying amounts of short term trade receivables, trade payables, capital creditors and cash and cash equivalents and borrowings are considered to be the same as their fair values, due to their short-term nature. Also, carrying amount of claims recoverable approximates its fair value as these are recoverable immediately.

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

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

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



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58. 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	31.03.2020	31.03.2019
Total Debt	1,43,239.64	1,01,542.65
Less : Cash and cash equivalent	13,034.82	5,203.20
Net debt	1,30,204.82	96,339.45
Total equity*	2,73,986.73	2,49,619.11
Gearing ratio	47.52%	38.59%

* Excluding Fly Ash Utilisation Reserve Fund & Corporate Social Responsibility Reserve



59. Disclosures as per Ind AS 115 on Revenue from Contracts with Customers

Disclosure in annual financial statements for the year ending 31 March 2020:

Revenue
I. Nature of goods and services

The revenue of the Company comprises of income from energy sales:

Revenue from sale of energy

The revenue of the Company comes from energy sales. The Company sells electricity to SAIL, DNH, D&D and CSEB. Sale of electricity is generally made pursuant to long-term Power Purchase Agreements (PPAs) entered into with the beneficiaries.

Below are the details of nature, timing of satisfaction of performance obligations and significant payment terms under contracts for energy sales:

Product/ Service	Nature, timing of satisfaction of performance obligations and significant payment terms
Energy	The Company recognised revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company's performance as it performs.
	The tariff for computing revenue from energy sales is determined in terms of CERC Regulations as notified from time to time/ PPA with SAIL. The amount of revenue recognised for energy sales for PP-III unit, is adjusted for expected rebates for early payments and/or late payment surcharges, which are estimated based on the historical data available with the Company.
	The amounts are billed on a monthly basis and the Company does not adjust the same for the effects of a significant financing component as it expects, at contract inception, that the period between when the Company sells energy to a customer and when the customer pays for the energy purchased will be one year or less.

II. Disaggregation of revenue

In the following table, revenue is disaggregated by primary operating market and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments:

Particulars	₹ in Lakhs					
	Generation of energy		Others		Total	
	For the year ended 31 March 2020	31 March 2019	For the year ended 31 March 2020	31 March 2019	For the year ended 31 March 2020	31 March 2019
Based on Nature and Economic Factors						
PP-III	1,51,705.42	1,33,528.72	-	-	1,51,705.42	1,33,528.72
PP-II	1,33,587.84	1,32,130.52	-	-	1,33,587.84	1,32,130.52
	2,85,293.26	2,65,659.24	-	-	2,85,293.26	2,65,659.24
Timing of revenue recognition						
Products and services transferred over time	2,85,293.26	2,65,659.24			2,85,293.26	2,65,659.24
Products and services transferred at a point in time	-	-			-	-
	2,85,293.26	2,65,659.24			2,85,293.26	2,65,659.24

III. Contract balances

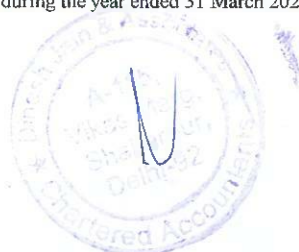
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Particulars	₹ in Lakhs	
	As at 31 March 2020	As at 31 March 2019
Receivables, which are included in "Trade receivables"	11,494.24	7,112.92
Unbilled revenue	6,089.46	8,684.22
Contract liabilities		
- Payable to customers	3,228.42	2,201.19
- Advances from customers and others	0.26	-

The amount of revenue recognised in 2019-20 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to orders issued by CERC/Appellate tribunal, income tax refundable to beneficiaries and deferred tax materialised recoverable from beneficiaries, is NIL (31 March 2019: NIL).

Unbilled revenue primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date for sale of energy. Unbilled revenue is transferred to receivables when the rights become unconditional.

Significant changes in the contract assets and the contract liabilities balances during the year ended 31 March 2020 are as follows.



₹ in Lakhs

Particulars	Contract assets	Contract Liabilities
Revenue recognised that was included in the contract liability balance as at 1 April 2019	-	-
Increases due to cash received, excluding amounts recognised as revenue during the year ended 31 March 2020	-	-
Transfers from contract assets recognised at the beginning of the year to receivables	-	-
Increases as a result of changes in the measure of progress	-	-
Business combination (if applicable)	-	-

IV. Transaction price allocated to the remaining performance obligations

Performance obligations related to sale of energy:

Revenue from sale of energy is accounted for based on tariff rates approved by the CERC (except items indicated as provisional) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable in case of PP-III and in case of PP-II accounted based on PPA with SAIL. In case of power stations, where the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. Therefore, transaction price to be allocated to remaining performance obligations cannot be determined reliably for the entire duration of the contract.

V. The Company has not incurred any incremental costs of obtaining contracts with a customer and therefore, not recognised an asset for such capitalised costs.



60. 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 ₹ 688.52 lakhs as on 31 March 2020 (31 March 2019: ₹ 183.52 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 ₹ 505.00 lakhs as on 31 March 2020. (31 March 2019: ₹ NIL).

b. Disputed tax matters

Disputed Income tax/Service Tax and other tax matters pending before various Appellate Authorities amount to ₹ 4851.79 Lakhs as on 31 March 2020 (31 March 2019: ₹ 4697.72 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 ₹ 3539.97 lakhs as on 31 March 2020 (31 March 2019: ₹ 3462.07 lakhs).

c. NGT Liability for Shortfall in Ash Utilization

Company has provided for NGT Liability for Shortfall in Utilization of Fly Ash amount to ₹ 74.20 Lakhs (31 March 2019: ₹ NIL).

In respect of disputed cases, the Company estimate possible reimbursement of ₹ 74.20 lakhs as on 31 March 2020 (31 March 2019: ₹ NIL).

d. Disputed Liability for Grade Slippage with SECL

Company has provided for disputed liability for Grade Slippage with SECL for ₹ 5882.35 Lakhs (31 March 2019: ₹ NIL).

In respect of disputed cases, the Company estimate possible reimbursement of ₹ 5882.35 lakhs as on 31 March 2020, in line with Regulation 16 of CERC Tariff Regulation 2019, the full amount will be billed to the beneficiaries by way of Energy Charge Rate (31 March 2019: ₹ NIL).

e. Dispute of Fixed Charges with Dadra & Nagar Haveli

Contingent Liability in respect of dispute of Fixed Charges with Dadra & Nagar Haveli, amount to ₹ 5255.77 lakhs* as on 31 March 2020 (31 March 2019: ₹ NIL).

* Includes Principal of ₹ 3135.49 Lakhs and Interest of ₹ 2120.28 Lakhs.

The Company estimate possible reimbursement of ₹ NIL as on 31 March 2020 (31 March 2019: NIL).

f. Others

Other contingent liabilities amount to ₹ 2169.01 lakhs as on 31 March 2020 (31 March 2019: ₹ 2150.51 lakhs).

The Company estimate possible reimbursement of ₹ 171.36 lakhs as on 31 March 2020 (31 March 2019: ₹ 173.12 lakhs).

2. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 March 2020 is ₹ 110440.17 lakhs (31 March 2019: ₹ 93468.66 lakhs).





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61. 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	31.03.2020	31.03.2019
A. Amount required to be spent during the year	787.59	700.48
B. Shortfall amount of previous year	21.29	-
C. Total (A+B)	808.88	700.48
D. Amount spent during the year *	768.56	679.19
Shortfall amount appropriated to CSR reserve	40.32	21.29

* Does not include an amount of NIL (F.Y 2018-19 ₹ -32.40 lakhs) towards tree plantation recovered as part of revenue.



- 62 Previous years figures have been re-grouped/rearranged wherever considered necessary.
- 63 Amount in the financial statements are presented in ₹ Lakhs (upto two decimals) except for earning per share and as otherwise stated.
- 64 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 .
- 65 During the year 2019-20, 14.73 Lakhs Tons of Ash has been generated (During the year 2018-19 17.52 Lakhs Tons) and 16.79 Lakhs Tons (Previous year 16.14 Lakhs Tons) ash has been utilized for various productive purposes which is 113.99 % (Previous year 92.12 %) of the total ash generated.
- 66 (a). The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts and borrowings from banks & financial institutions. With regard to receivables for energy sales, the Company raise monthly Invoice on the beneficiaries with details of balance outstanding which can be said to be automatically confirmed on receipt of subsequent payment from such beneficiaries. In addition, reconciliation with beneficiaries and other customers is generally done on periodic basis. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters with the negative assertion (Of balances as on 31st Dec.2019) as referred in the Standard on Auditing (SA) 505 (Revised) 'External Confirmations', were sent to the parties. Some of such balances are subject to confirmation/reconciliation. Adjustments, if any will be accounted for on confirmation/reconciliation of the same, which in the opinion of the management will not have a material impact.
- (b). In the opinion of the management, the value of assets, other than property, plant and equipment , on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- 67 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 , however expenditure directly identifiable to a particular unit is allocated directly based on GST number quoted on Invoice of Unit by Vendor.
- 68 During the year, NSPCL received part of its coal requirement from SECL through the existing Coal Supply Agreement (CSA), SCCL through MOU route and through e-auction route from WCL and SCCL.
- 69 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 . As on 31.03.2020, balance 8771 Certificates (31.03.2019 : 8771 Certificates) are left is being treated as 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.
- 70 The National Green Tribunal (NGT) (constituted under National Green tribunal Act, 2010, an Act of the Parliament to handle the expeditious disposal of the cases pertaining to environmental issues) gave following directions on, 12 February 2020, in respect of Thermal Power Plants: (1) With regard to utilization of unutilized accumulated fly ash (pond ash) , it is recommended to grant further period of three years for non-pit head TPPs from current utilization w.e.f April 2021. (2) For the TPPs not able to achieve 100% utilization of dry fly ash , environmental compensation needs to be determined w.e.f. the cut - off date of 31.12.2017 . (3) The NGT order is subject to proceedings pending before the Hon'ble Supreme Court and where stay is operative, this order dated 12.02.2020 will not operate till stay continues and thereafter abide by orders of Hon'ble Supreme Court. Since against NGT order Company has already obtained stay from Hon'ble Supreme Court and since stay is operative as per NGT order dated 12.02.2020 company will abide by order of Hon'ble Supreme Court. However in case any of Company's thermal power plant had not able to achieve 100% dry fly ash utilization till cut-off date i.e, 31.12.2017 company has provided contingent liability for same .



71 Due to outbreak of COVID-19 globally and in India, the Company has made initial assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India. The availability of power plant to generate electricity as per the demand of the customers is important. Hence, Company has ensured not only the availability of its power plant to generate power but has also continued to supply power during the period of lockdown, considering essential service as declared by the Government of India.

However, for the short term period the demand of power is expected to be lower and accordingly, the Company has to operate power plants at lower load factor. The Company is also having sufficient stock of coal and has also tied up further supply of coal so as to maintain supply of electricity. It is also expected that the production will look up with gradual opening of business / Industries in near future.

The Covid -19 situation is not covered under force majeure clause, considering electricity falls under essential services vide notification dated March 25, 2020 issued by Ministry of Home Affairs. The Power Ministry has also clarified on April 6, 2020 that Discoms & Consumers will have to comply with the obligation to pay fixed capacity charges as per PPA. Further the list of beneficiaries' of the company includes SAIL, a Maharatna PSU and state owned Discoms like DD, DNH and CSPDCL. This will largely mitigate if there is any stress on cash flows, during the period of COVID-19

However on long term basis, the Company does not anticipate any major challenges in meeting its financial obligations. Considering above, the Company believes that there is no impact on its ability to continue as a going concern and meeting its liabilities as and when they fall due.


(Dimpay Trikha)
Company Secretary


(Narendra Kumar Gupta)
Chief Finance Officer


(P.K. Bondriya)
Chief Executive Officer


(Dr. A.K. Panda)
Director


(D.K. Patel)
Chairman

Place : New Delhi
Date : 08.06.2020

As per our report of even date
For Dinesh Jain & Associates
Chartered Accountants
FRN No.004885N


(Neha Jain)
Partner

Membership No.514725