KANTI BIJLEE UTPADAN NIGAM LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present 13th Annual Report on the business and operations of the Company along with Audited Financial Statements and Auditors' Report thereon for year ended on 31st March 2019.

PERFORMANCE OF THE COMPANY

Pursuant to Memorandum of Agreement dated 26.12.2005 signed between NTPC, Government of Bihar and Bihar State Electricity Board for reviving and operating Stage-I (2X110 MW), your Company was entrusted with the work of renovating and modernizing (R&M) of existing (2x110 MW) units of Muzaffarpur Thermal Power Plant (MTPP). Further, your company has successfully commissioned MTPS stage-II (2x195MW) in July'2017.

Operational Performance:

After completion of R&M of both the units of 110 MW of Stage-I, first unit is under commercial operation since 01.11.2013 and the second unit from 15.11.2014.

Unit # 1 (Stage-I) generated 415.514 MUs with a PLF of 46.86 % during 2018-2019 as against 468.318 MUs with a PLF of 48.60 % during 2017-18

Unit # 2 (Stage-I) generated 284.242 MUs with a PLF of 29.50 % during 2018-2019 as against 283.835 MUs with a PLF of 29.46 % during 2017-18

Unit # 3 (Stage-II) generated 1216.226 MUs with a PLF of 71.199 % during 2018-2019 as against 488.787 MUs with a PLF of 28.614 % during 2017-18

Unit # 4 (Stage-II) generated 1089.387 MUs with a PLF of 63.77 % during 2018-2019 as against 487.878 MUs with a PLF of 38.05 % during 2017-18

The total commercial generation of the Company was 3041.368 MUs during 2018-19 as against 1728.818 Mus during 2017-18.

Ash Utilisation:

Total ash generated during the FY 2018-19 was 811822 MT as against 544450 MT ash generated during FY 2017-18.

Out of 811822 MT of ash produced, 329276 MT of ash has been utilised (13168 MT for brick manufacturing and 316108 MT for other purposes).

New Initiatives taken for ash Utilization:

- Development of contingency arrangement for Dry Fly Ash (DFA) extraction from Buffer Hopper.
- 3 Lakhs MT DFA auctioned through MSTC .
- Co-ordination with NHAI for Ash Utilization in NH-527C connecting Majhauli to Chrout.

Construction Activities under progress:

Priority stream commissioned & subsequently COD of both the units done. Work in main stream of CHP is in progress. Work of make-up water pump house and intake pump house in Budhi Gandhak River completed and water is available from its designed source w.e.f. 03.12.2018

To take care of environmental norms, your Company is carrying out ambient air quality monitoring, analysis of drinking water and effluent water quality monitoring on monthly basis, from third party, at plant, township & ash dyke area to keep check on emission of pollutants in the air and to maintain the quality of the air and water around the project.

Online monitoring of Effluent quality monitoring system (EQMS) , Ambient air quality monitoring system (AAQMS) & Stack emission monitoring system (SEMS) has been started since 15.06.18. Further, connectivity to CPCB has been established for monitoring of the above data. On-line stack monitoring system is available in all the four units of station.

Apart from above, company is also finalized the scheme for separation of plant drain water from storm water in consultation with NTPC for achieving Zero liquid discharge.

Nature is our treasure:

Your Company organized environmental awareness programs amongst employees and people in and around plant. World Environment Day was celebrated on 05.06.2019. On this day, more than 1000 nos of saplings were planted. Employees & other habitants took environment walk and oath for environment protection. Distribution of environment friendly carry bags were done to avoid use of polythene bags.

Your company planted total 10000 nos. of plants through Forest Department, Govt of Bihar out of which 3000nos. trees are planted in township & plant area and 7000nos. trees are planted in Stage -II Ash Dyke area

Change in Shareholding Pattern of the Company:

On 29.06.2018, NTPC Limited acquired the total shares held by Bihar State Power Generation Company Limited. Now, Kanti Bijlee Utpadan Nigam Limited has become a the wholly-owned subsidiary of NTPC Limited.

FINANCIAL REVIEW

The financial highlights of the Company for the year ended on 31st March 2018 and 31st March 2019 are as under:-

(in crores)

Particulars	FY 2018-19	FY 2017-18
Balance Sheet		
Paid-up Share Capital	1510.67	1435.67
Total Assets	5124.08	4792.12
Non-Current Assets	4316.71	4375.31
Current Assets	807.37	416.81
Total Liabilities (other than paid-up capital and deferred revenue)	3531.97	3363.85
Non-Current Liabilities	2215.55	2435.49
Current Liabilities	1316.42	928.36
Deferred revenue	235.69	245.58
Non-Current Borrowings	2203.02	2424.93
Current Borrowings	491.66	180.06
Statement of Profit and Loss		
Total Sales	1563.58	820.12
Total Revenue	1610.41	869.05
Total Expenses	1483.48	1050.14
Profit/ (Loss) Before Tax (PBT)	126.93	(181.09)
Profit/ (Loss) After Tax (PAT)	98.74	(181.09)

Appropriations		
Reserves	Nil	Nil

CRISIL rating of the company has been improved from BBB- to A+/ Positive in November 2017 and from to A+/ Positive to AA-/ Positive. This rating has further been improved from AA-/ Positive to AA/ Stable in the month of July'19.

INFORMATION PURSUANT TO STATUTORY AND OTHER REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013 and other regulations are as under:

(1) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

I. Energy conservation activities
   - Thermal scanning of boiler insulation, high energy drains being done.
   - Conventional lights are being replaced by energy efficient LED lights. 7130 no's light fittings have been replaced so far. Replacement of balance fitting are being done progressively.
- Replacement of GRP blade with efficient FRP blade for energy saving is completed in Stage # I cooling tower in 06 no Cells . Balance 06 no Cells are also planned in FY 19-20
- Technological Absorption and renewable footprint : Setting up of Roof top Solar PV plant is planned for FY 19-20

II. During the period under review, there was no earning and no outgo in foreign exchange.

(2) The following information is provided in the Corporate Governance Report which forms part of the Annual Report as Annex-II:

III. Number of Meetings of the Board held during the year and attendance of Directors in the Board Meeting.
IV. Constitution of the Audit Committee, number of Meetings held during the year and attendance of the Members in the Audit Committee.
V. Constitution of Corporate Social Responsibility Committee, number of Meetings held during the year, if any and attendance of Members in the Meeting.
VI. Information about other Committees of the Board

(3) CORPORATE SOCIAL RESPONSIBILITY:

During the three immediately preceding financial years, the Company had incurred average loss of ₹ 92.92 crore. Hence, Company was not required to spend any amount on account of CSR as per provisions of Companies Act. However, the company has spent an amount of ₹ 509.40 Lakhs voluntarily on Construction of PCC & Brick Soling Road in various villages in Aarah District in Bihar. Annual Report on CSR activities is enclosed as Annexure-IV.

(4) Statutory Auditors

The Comptroller & Auditor General of India, through letter dated 09.08.2018, had appointed M/s A. R. Sureka & Co., Chartered Accountants as Statutory Auditors of the Company for the financial year 2018-19. *Further, Statutory Auditors for the Financial Year 2019-20 are yet to be appointed by Comptroller & Auditor General of India.*

(5) Management comments on Statutory Auditors' Report

The Statutory Auditors of the Company have given an unqualified report on the accounts of the Company for the financial year 2018-19.

(6) Review of accounts by Comptroller & Auditor General of India

The Comptroller & Auditor General of India, through letter dated *28.06.2019*, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2019

(7) Cost Audit

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by the Company.

M/s Nishant & Co., Cost Accountants, was appointed as Cost Auditors under Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014 for the financial year 2018-19.

The Cost Audit Report for your Company for the Financial Year ended on 31.03.2018 was filed with the Central Government on 11.10.2018.

The Cost Audit Report for the financial year ended March 31, 2019 shall be filed within the prescribed time period under the Companies (Cost Records & Audit) Rules, 2014.

(8) Your Company, being *a wholly owned* subsidiary of NTPC, is covered under the Enterprise Risk Framework established by Holding Co., NTPC Limited. Details about risks with the Company are covered in the Management Discussion & Analysis Report which forms part of this Report and placed at Annex-I.

(9) Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annex- III to this Report.

(10) Performance Evaluation of the Directors and the Board

Section 178 (2) of the Companies Act, 2013 provides that the Nomination and Remuneration Committee shall, inter-alia, shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance

As per Section 134(3) (p) read with Rule 8 (4) of the Companies (Accounts) Rules, 2014, every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Ministry of Corporate Affairs (MCA), through Notification dated 5th June 2015, has exempted Government Companies from the provisions of Section 178 (2) and Section 134 (3) (p). The aforesaid circular of MCA further exempted listed Govt. Companies from provisions of which requires mentioning the manner of formal evaluation of its own performance by the Board and that of its Committees and Individual Director in Board's Report, if directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government as per its own evaluation methodology.

Now, MCA, through Notification dated 05.07.2017, has amended Schedule IV to the Companies Act, 2013 with respect to performance evaluation of directors of the Government Companies that in case of matters of performance evaluation are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Governments and such requirements are complied with by the Government companies, such provisions of Schedule IV are exempt for the Government Companies.

All the Directors on the Board of KBUNL are being nominated by NTPC after takeover of equity from BSPGCL. The Directors nominated by NTPC are being evaluated under a well laid down procedure for evaluation of Functional Directors & CMD as well as of Government Directors by Administrative/ respective Ministry/ Department. Also, the performance of the Board of the Government Companies is evaluated during the performance evaluation of the MOU signed with the Holding Company i.e. NTPC Limited.

(11) Secretarial Audit

The Board has appointed M/s Deepak Dhir & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith marked as Annex- V to this Report. The Secretarial Auditor has given unqualified Secretarial Audit Report for the financial year 2018-19.

(12) Particulars of contracts or arrangements with related parties

During the period under review, all transactions with related parties were at arm's length and suitable disclosure has been provided in annual accounts. Approval has been taken from the Audit Committee where the transaction with related party falls under the purview of the Companies Act, 2013. All related party transactions were in the ordinary course of business and were negotiated on an arm's length basis. They were intended to further the Company's interests.

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

(13) Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future: NIL. Disclosure as per Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets are detailed in Note – 40 of Notes to Accounts to Financial Statements for the FY 2018-19. The details of disputed statutory dues pending before appropriate authorities is detailed in Annexure to Independent Auditors' Report.

(14) Adequacy of internal financial controls with reference to the financial reporting: The Company has in place adequate internal financial controls with reference to financial reporting. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

(15) Procurement from MSEs

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012. In terms of the said policy, the total procurement made from MSEs (including MSEs owned by SC/ST entrepreneurs) during the year 2018-19 is ₹ 3988.44 Lakh* which is 45 % of total procurement against target of 25% of total procurement made by your Company.

*It excludes STE, LDO & insurance.

(16) Particulars of Employees

As per provisions of Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every company is required to disclose details of employees receiving remuneration exceeding limits as prescribed from time to time in the Directors' Report.

However, as per notification dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Directors' Report.

(17) Issue of Shares in the Financial Year:
During the year under review, the Company issued shares to NTPC Limited. The details are as under:

Date of Allotment/ Name of Allottee	**04.12.2018**	**08.02.2019**
NTPC Limited	5,00,00,000 shares of ₹	2,50,00,000 shares of ₹

	10/- each ranking pari-passu with existing shares	10/- each ranking pari-passu with existing shares

Pursuant to Memorandum of Understanding (MoU) with State Government of Bihar and its affiliate companies on 15th May 2018 and after execution of Share Sale & Purchase Agreement (SSPA) between NTPC, BSPGCL and KBUNL on 21st June 2018, 27.36% holding *in equity share capital* of KBUNL held by Bihar State Power Generation Company Limited (Shareholder) (erstwhile Bihar State Electricity Board) has been acquired by NTPC on 29.06.2018. Now, KBUNL has become a wholly owned subsidiary of NTPC.

(18) No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:
1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

(19) Establishment of vigil mechanism/ whistle blower policy:

Your Company has established Whistle Blower Policy as required under Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.

(20) There were no frauds reported by auditors under section 143(12) of the Companies Act, 2013.

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

(22) The Company has not accepted any deposits during the year.

(23) The Company has no subsidiary or joint venture.

(24) No Presidential Directive was issued by the Government during the year under review. However, the Parent Company, i.e. NTPC received a Presidential Directive for revision of pay of executives of the Company. The same was complied for the executives of the Company who were on secondment basis from NTPC.

(25) The Company has not declared any dividend during the year.

(26) KBUNL has constituted Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No case of sexual harassment was received during the FY *2018-19.*

(27) The Company has complied with the applicable Secretarial Standards.

The particulars of annexures forming part of this report are as under:

Particulars	**Annexure**
Management Discussion & Analysis	I
Report on Corporate Governance	II
Extract of Annual Return	III
Annual Report on CSR Activities	IV
Secretarial Audit Report in Form MR-3	V

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (5) of the Companies Act, 2013, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2018-19 and of the *profit* of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the Directors had prepared the Annual Accounts on a going concern basis; and
5. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the following changes took place in Directors position:

1) Shri M. P. Sinha, ceased to be the Director of the Company w.e.f. 27.04.2018 consequent upon withdrawal of his nomination by NTPC.

2) Shri S. Narendra, Regional Executive Director (East-I), NTPC was nominated as Director on the Board. He was appointed as Director w.e.f 04.05.2018.

3) Shri P. Amrit ceased to be the Director of the Company w.e.f. 16.08.2018 consequent upon withdrawal of his nomination from BSPGCL.

4) Shri R. Lakshmanan ceased to be the Director of the Company w.e.f. 16.08.2018 consequent upon withdrawal of his nomination from BSPGCL.

The following changes occurred in the position of Key Managerial Personnel of the Company:

1) Shri P. K. Sinha ceased to be the Chief Executive Officer on 21.07.2018.

2) Shri Sanka Gouri Shankar, General Manager, KBUNL was nominated as Chief Executive Officer of the Company. He was appointed by the Board as Chief Executive Officer w.e.f 22.07.2018. He ceased to be the Chief Executive Officer w.e.f. 17.08.2018.

3) Shri Ujjwal Banerjee, Chief General Manager, NTPC was nominated as Chief Executive Officer of KBUNL. He was appointed as Chief Executive Officer w.e.f. 17.08.2018.

The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri M.P. Sinha, Shri P. Amrit, Shri R. Lakshmanan, Shri P. K. Sinha and Shri Sanka Gouri Shankar during their association with the Company.

As per the provisions of the Companies Act, 2013, Shri Ajay Dua, Director shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

ACKNOWLEDGEMENT

Your Directors acknowledge, with deep sense of appreciation, the co-operation extended by Ministry of Power/ Government of India, Government of Bihar, Bihar State Power Generation Company Limited (erstwhile Bihar State Electricity Board), Niti Aayog, Central Electricity Regulatory Commission, Ministry of Environment, Forests & Climate Change and Department of Public Enterprises.

Your Directors also convey their gratitude to the Holding Company i.e. NTPC Ltd., Auditors, Bankers, Contractors, Vendors and Consultants of the Company.

We wish to place on record our appreciation for the untiring efforts and contributions by the employees at all levels to ensure that the Company continues to grow and excel.

For and on behalf of the Board of Directors

Sd/-
(Prakash Tiwari)
Chairman
DIN: 08003157

Place: New Delhi
Dated: 29.07.2019

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC AND SECTOR OUTLOOK

As per the report on Annual National Income 2018-19, released by National Statistical Office of Ministry of Statistics and Programme Implementation (MoSPI) on 31 May 2019, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices has been provisionally estimated to be 6.8% as against 7.2% for the previous year (2017-18). For the year 2019-20, World Bank has projected a 7.5% GDP growth rate.

Quarterly growth rate analysis depicts that during Q1, 2018-19 (April-June) GDP growth rate peaked at 8.0%, but it has moved in a downward trend with growth rate of 7.0%, 6.6% and 5.8% during Q2, 2018-19 (July-Sep), Q3, 2018-19 (Oct-Dec) and Q4, 2018-19 (Jan-Mar) respectively.

Indices of Industrial Production (IIP), as reported by MoSPI on 10 May 2019, reveal that the cumulative growth in Mining, Manufacturing and Electricity sectors during April-March 2018-19 over the corresponding period of 2017-18 has been 2.9%, 3.5% and 5.2% respectively.

During the year 2018-19, the growth in power sector has been possible due to major reforms focussed on enabling the sector to adapt to the disruptions such as flexibility in thermal power generation, environment protection and capacity addition in RE & Hydro and cross border trading of power etc.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Power sector is a key enabler for India's economic growth. The sector with its three pillars of generation, transmission and distribution is crucial to India's infrastructure and economic growth. The achievements and various issues/challenges faced by the Power Sector are discussed in the ensuing paragraphs.

Snap Shot 2018-19

- Gross annual generation of the country (excluding import from Bhutan) increased by 5.2% from 1,308 BUs in the previous year to 1,376 BUs in the current year (including renewables). Generation from renewable sources increased by about 24% from 102 BUs to 127 BUs, while generation from conventional sources increased by 4% from 1,206 BUs to 1,249 BUs.
- Generation capacity of 3,479 MW (excluding renewables) was added during financial year 2018-19 compared to 5,392 MW added during the previous year.
- Renewable energy capacity of 8,619 MW added during the year. Renewable energy capacity has increased by about 12.5% from 69,022 MW as at 31 March 2018 to 77,642 MW as at 31 March 2019.
- 22,437 Ckms of transmission lines added during the year as compared to 23,119 Ckms in the previous year.

- 72,705 MVA of transformation capacity added during the year as against 86,193 MVA in the previous year.
- PLF of coal & lignite based stations increased to 61.1% in financial year 2018-19 from 60.7% in financial year 2017-18.
- During the financial year 2018-19, while the energy deficit decreased marginally from 0.7% to 0.6%, the peak power deficit decreased from 2.0% to 0.8% as compared to that in the previous year.
  (Source: Central Electricity Authority)

Existing Installed Capacity

The total installed capacity in the country as on 31 March 2019 was 3,56,100 MW (including renewables) with Private Sector contributing 46.2% of the installed capacity followed by State Sector with 29.5% share and Central Sector with 24.3% share.

	Total Capacity (MW)	% share
Private	1,64,428	46.2
State	1,05,076	29.5
Central	86,596	24.3
Total	**3,56,100**	**100.0**

Source-wise installed capacity in the country as on 31 March 2019 is as under:

	Total Capacity (MW)	% share
Thermal	2,26,279	63.6
Nuclear	6,780	1.9
Hydro	45,399	12.7
RES (Renewables)	77,642	21.8
Total	**3,56,100**	**100.0**

(Source: Central Electricity Authority-Installed Capacity report)

Capacity Utilization and Generation

Sector wise PLF in % (Thermal - Coal & Lignite)

Sector	2018-19	2017-18
State	58.0	56.9
Central	72.6	72.3
Private-IPP	54.8	55.1
Private-Utilities	61.3	60.4
All India	**61.1**	**60.7**

(Source: Central Electricity Authority)

PLF of coal & lignite based power stations has increased marginally from 60.7% to 61.1% on Y-O-Y basis. PLF of Central Generating Thermal Stations has also increased marginally.

In the emerging scenario of high variable renewable energy infusion into the grid, supplying power with reliability has gained prominence over PLF. In this context, it is crucial that the thermal capacities are able to supply fast response balancing power and maintain adequate reserve capacity.

Generation

The total conventional power available in the country during the financial year 2018-19 was 1,249 BUs as compared to 1,206 BUs during previous year, registering a growth of 3.6%. (Generation figures pertain to capacity monitored by CEA).

Sector-wise and fuel-wise break-up of generation for the year 2018-19 is detailed as under:

In BUs

Sector	Thermal	Hydro	Nuclear	Bhutan Import	Total
Central	368	55	38	--	**461**
State	335	66	--	--	**401**
Private	369	14	--	--	**383**
Bhutan Import	--	--	--	4	**4**
Total	**1072**	**135**	**38**	**4**	**1249**

(Source: Central Electricity Authority)

As far as thermal generation is concerned, based on the monitored capacity by CEA, the generation contribution of central sector is 36.9% with installed capacity share of 24.3%, state sector contributes 32.1% of generation with installed capacity share of 29.5% and private sector contributes 30.6% of generation with installed capacity share of 46.2%. Central sector utilities have performed better as compared to those of state and private sector utilities.

Consumption

The per capita consumption of power in India was 1,149 units in financial year 2017-18 (provisional) (Source: Central Electricity Authority), which is almost one-third of the global average (3,052 units).
(Source: IEA Key World Energy Statistics 2017).

Major end users of power are broadly classified into industrial, agricultural, domestic and commercial consumers. Their shares of electricity consumption were approximately 40%, 18%, 24% and 9%, respectively. During the same period, Traction & Railways and others represented about 9% of power consumption.
(Source: Ministry of Statistics and Programme Implementation- Energy Statistics 2018).

With ambitious target of providing free electricity connections to all households in rural areas and poor families in urban areas by Dec. 2018, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in September 2017. As indicated in the Saubhagya Dashboard, 99.99%

households have been electrified and only 18,734 households in Chhattisgarh remains to be electrified.
(Source: Saubhagya dashboard)

Other key initiatives taken by Government of India include Integrated Power Development Scheme (for providing 24x7 power supply in the urban areas) and Deen Dayal Upadhyaya Gram Jyoti Yojana (agricultural feeders segregation, strengthening of sub-transmission & distribution infrastructure in rural areas and rural electrification). 100% village electrification has been achieved.

Transmission

The transmission network (at voltages of 220 kV and above) in the country has grown at an average rate of ~6% CAGR since the end of 12th Plan in terms of circuit kilometres added.

The total inter-regional transmission capacity of country has increased from 75,050 MW at the end of 12th plan to 99,050 MW as on 31 March 2019. During the financial year 2018-19, 12,600 MW inter-regional capacity was added.

This augmentation of the national grid will help promote competition and enable merit order dispatch of generation leading to lower cost of power for consumers. This is also essential for supporting higher injection of renewables into the grid for transfer of power from RE-rich states to other states. This large-scale integration of renewable energy along-with other factors such as increasing power generation capacity and reforms in fuel sector is slated to increase the demand for transmission capacity significantly in the coming years.

Distribution

Distribution is the key link to realize the Government of India's vision of supplying reliable 24x7 Power for All. For this, the distribution companies need to be healthy to be able to discharge their functions & responsibilities efficiently.

To improve the distribution segment's performance, Government of India launched a comprehensive power sector reform scheme, Ujwal Discom Assurance Yojana (UDAY) on 5 November 2015 for operational and financial turnaround of Discoms. The Average Cost of Supply (ACS) and Average Revenue Realised (ARR) gap has reduced from ₹ 0.59 per kWh in 2016 to ₹ 0.24 per kWh by May 2019 and AT&C have also reduced to 18.37%. The proposed amendments in Tariff Policy include several distribution related changes to address the sustainability issues of distribution sector, such as:

- Time-based service level agreements for service to end-consumers and penalties for non-technical outages.
- Discoms to assure adequate tie-up of capacities to enable them to meet their power requirements.
- Subsidy to be given by way of Direct Benefit Transfer directly into consumer accounts and cross subsidy charges for open access are to be brought within 20% of the average cost of supply.
- Electricity supply to be made pre-paid with 100% metering of consumers.

- Regulations by appropriate commissions to make open access information transparent, applications handling time-bound and CSS payable for maximum period of 1 year.

Power Trading

In India, power is transacted largely through long-term Power Purchase Agreements (PPA) entered into between Generating companies and the Distribution utilities. A small portion is transacted through various short-term mechanisms like bilateral transactions through licensees, Day-ahead transactions through power exchanges and real time balancing market mechanism (i.e. Deviation Settlement Mechanism).

In the year 2018-19, around 88% of power generated in the Country was transacted through the long-term PPA route and about 12% of the power was transacted through short-term trading mechanisms. Short-term electricity transaction in the current financial year increased to 145 BU, as compared to 128 BU in the previous year, registering about 14% growth.
(Source: Central Electricity Regulatory Commission)

Key Initiatives/Reforms & Regulatory Changes in Power Sector

1. **Flexibility in Generation and Scheduling of Thermal Power Stations:** Government of India through its various policy interventions has been trying to enhance flexibility in thermal power generation in order to enable growth in RE. Subsequent to introduction of 'Flexibility in utilization of domestic coal for reducing the cost of power generation' in 2016-17, two more policies – (i) 'Flexibility in generation & scheduling of thermal power stations to reduce emissions' by partially replacing thermal power with cheaper renewable power and (ii) 'Flexibility in generation and scheduling of thermal power stations to reduce the cost of power to the consumer' through National Merit Order, have been introduced in 2018-19. These policies will help in reducing cost of power.

2. **Renewable Purchase Obligation (RPO) targets:** Ministry of Power in consultation with MNRE has notified trajectory to achieve 21% RPO target by the financial year 2021-22, comprising of 10.5% Solar and 10.5% Non-Solar renewables. SERCs may consider to notify RPO for their respective states in line with notification by MOP. To achieve the RPO trajectory, country will need to enhance its renewable assets.

3. **Hydro as renewable power:** To promote hydropower in the country, large hydro projects having capacity more than 25 MW have also been declared as Renewable Energy Source and similar to RPO targets, HPO (Hydro Power Obligations) targets would also be notified by MOP.

   GoI has in-principle agreed to provide budgetary support for flood moderation, enabling infrastructures like road and bridges.

4. **Regulatory certainty regarding new environment norms:** GoI has directed CERC for providing regulatory certainty to thermal power plants

regarding recovery of cost involved in meeting new environment norms. CERC in its Tariff Regulations, 2019 has provisioned for supplementary tariff towards implementation of revised emission standards.

5. **Changes proposed in Electricity Act:** GoI has initiated the process to amend the Electricity Act with the objectives such as ensuring availability of electricity to all consumers, optimal utilisation of fossil & non-fossil resources, separation of distribution & supply functions, promote smart grid, ancillary support and decentralised distributed generation.

   For ensuring power supply to all, the distribution licensee or supply licensee, are proposed to have obligation to supply 24x7 power to their consumers and any subsidy to any category of consumer is proposed to be implemented through Direct Benefit Transfer.

6. **National Wind Solar Hybrid Policy:** MNRE has released National Wind Solar Hybrid Policy to promote large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability.

7. **Import/Export (Cross Border) of Electricity:** MoP has issued Guidelines for Import/Export (Cross Border) of Electricity in the current financial year with following key objectives:

   - Facilitate trade of electricity between India and neighbouring countries;
   - Evolve a dynamic and robust electricity infrastructure for trade of electricity;
   - Promote transparency, consistency and predictability in regulatory mechanism pertaining to trade of electricity in the country;
   - Reliable grid operation and transmission of electricity for trade

   All these reform initiatives and regulatory changes will open up opportunities for your Company and across the Indian Power Sector.

SWOT ANALYSIS

Strength/ Opportunity:

In the scenario of high demand versus low supply of power, implementing the Company's project is justified. It has full support of NTPC, the promoter and major stake holder. The holding Company, i.e. NTPC Limited has provided Engineering and management expertise from planning to commission and operating power plant.

The other promoter i.e. Bihar State Power Generation Company Limited (erstwhile Bihar State Electricity Board) was also the beneficiary of the Company.

Unit#1 and Unit#2 of 110 MW each of Stage-I were declared commercial w.e.f. 01.11.2013 and 15.11.2014 respectively. Unit#3 and Unit # 4 of Stage-II were declared commercial w.e.f. 18.03.2017 and 01.07.2017 respectively.

Long pending acquisition of Land for make up water corridor has been resolved and 90% of land has been acquired.

In house developed AWRS system has been commissioned and in operation since 15th Mar'18. 400-450 Cum/hr water is being taken back to plant from ash dyke for use in ash handling system.

For Stage-I, Power Purchase Agreement for entire power exists with distribution companies of Bihar State Power Holding Company Limited. For Stage-II, Power Purchase Agreement has been signed with distribution companies of Bihar State Power Holding Company Limited for 67.7 % of power and balance has been signed with the GRIDCO, DVC, Sikkim, Jharkhand and West Bengal. Further 7.27 % power is allocated to Bihar from the un-allocated share of 9.7 % vide letter dated 27.06.2017 from Member Secretary, ERPC, Ministry of Power. This will be w.e.f. from 00:00 hrs of COD of Unit # 4 ie 01.07.2017. Earlier, for Stage-II except Bihar Dis-coms other beneficiaries were not giving schedule. Now Scheduling for MTPS stage # II has been done by ERLDC w.e.f 01.04.2018 and all beneficiaries except GRIDCO are drawing power.

W.e.f. 01.12.2017, 0.28% capacity from the unallocated portion of MTPS Stage-II has been allocated to Telangana.

CRISIL rating of the company has been improved from BBB- to A+/ Positive in November 2017 and from to A+/ Positive to AA-/ Positive resulting into reduction in interest rate on term loan & working capital loan. This rating has further been improved from AA-/ Positive to AA/ Stable in the month of July'19.

Weakness/ Threats:

The beneficiaries, South Bihar Power Distribution Co. Ltd. and North Bihar Power Distribution Co. Ltd has overdue payment towards energy bills raised by the Company. Other beneficiaries also have overdue payments towards energy bill. Delayed payment of Energy Bills from Beneficiaries may cause stoppage of coal supply which will result into shutting down of operating units resulting under recovery of fixed cost. It may also cause default in repayment of principal of term loans and interest on thereon.

One of the beneficiary, Grid Corporation of Odisha, having PPA for 30 MW of power from MTPS Stage-II, has filed a petition in OERC for de-allocation of power from MTPS Stage-II. Company has filed a petition against GRIDCO in March-2019 for recovery of annual fixed charges. Management believes that as per CERC Guidelines the amount will be recoverable from GRIDCO, otherwise from other beneficiaries, if not recovered from GRIDCO.

Presently being a wholly owned subsidiary of NTPC, Tripartite agreements are required for proper realization of energy bills.

RISK AND CONCERN

The risks to which company is exposed and the initiatives taken by the company to mitigate such risks are given below:

Hazard risks are related to natural hazards arising out of accidents and natural calamities like fire, earthquake or cyclone, floods etc.

Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the Govt. Authorities. Risk arising out of accidents, fire etc is protected through insurance policies and limited through contractual agreements wherever possible.

Financial Risks:

With MTPS Stage-II (2X195 MW) under commercial operation w.e.f. 01.07.2017, the company has managed to avoid the declaration of its assets as NPA in Lender's books of accounts.

The outstanding dues from the beneficiaries on account of Energy Bill stood at ₹ 636.05 crore as on 31.03.2019. The dues beyond 60 days stood at ₹ 107.03 crore & ₹ 26.81 crores beyond 30 days but less than 60 days.

The outstanding dues from the beneficiaries on account of Energy Bill stood ₹ 896.74 crores (including late payment surcharge of ₹ 3.86 Crores) as on 15.07.2019. The dues beyond 60 days stood at ₹ 530.88 crores & ₹ 163.87 crores beyond 30 days but less than 60 days. Realization of dues from the beneficiaries for both the stages should be at utmost priority level so that timely repayment of loan and interest can be made.

Operational Risks:

Water linkage and quantity:

CWC has given their consent for 45 Cusecs of water on 19.02.2010 from river Budhi Gandak (15 Cusecs for Stage-I and 30 Cusecs for Stage-II). Water Resources Department, GoB has made their commitment of 45 Cusecs of water from Budhi Gandak. One line of makeup water pipe line is made available since 4th Dec, 2018 and presently water requirement is met through Budhi Gandak River through one line of makeup water pipe line. Second line of makeup system shall be made available after completion of 60 Mtrs. length pipeline work, which is under land dispute. Matter is being pursued for resolving the issue with district administration.

Risk: Work of makeup water pipe started and 40% pipe line completed. In few stretches there are title disputes. Non-availability of small stretch may hamper the water supply as entire stretch of pipe line is required for supply of water.

However, water is being drawn from Canal of Irrigation Deptt. Govt.of Bihar but water availability in canal is for limited periods only (8-9 months).

District Administration is pursuing for resolving the title dispute.

Ash Disposal System for Stage – I & II and Coal Handling Plant of Stage-II:

Ash Dyke Stage-I – New Ash dyke (Lagoon –III) & R&M of Lagoon I&II is to be constructed as per directive of CPCB. The work for Ash dyke (Lagoon I, II & III as per above) has been awarded. Work in lagoon # III is in progress whereas lagoon I & II is in operation. In house implemented AWRS for lagoon I & II is in operation. AWRS system for lagoon III is to be constructed. NOC for consent to operate & consent to discharge issued by BSPCB is valid till 30.11.2018.

Ash Disposal System for Stage – II:

Ash disposal pipe line corridor- Land oustees of four villages are not agreeing to take the land compensation demanding higher rate of compensation. District administration is being pursued for resolving the issue.

Risk: Lagoon- I & II are likely to be exhausted soon, before that lagoon III has to be made ready.

Ash Dyke & AWRS for Stage # II- Work has been delayed but progressing.

Risk: Physical possession of 15.675 acres out of 35.675 acres land is yet to be taken as land owners are not taking compensation/disbursement. District administration is being pursued to resolve the issue. However, Stage-II ash is being dumped in stage – I dyke as contingency measure, till ash dyke Stage-II & ash pipe line work is completed.

Coal Handling Plant of Stage-II

Coal Handling Plant for Stage-II is not yet constructed but CHP of Stage-I has been linked for feeding Stage-II (Priority bay). With this arrangement, commercial operation of both the units have been declared but running of all four units (both Stage – I & Stage – II) is not possible on sustainable basis.

The policies and process framework of the company supported by the proactive approach of management mitigate operational risks to great extent.

INTERNAL CONTROL

The Company has robust internal systems and processes for efficient conduct of business. The Company is complying with relevant laws and regulations. It is following delegation of powers as is being followed in NTPC Limited. The accounts are being prepared in accordance with the Accounting Standards issued by The Institute of Chartered Accountants of India from time to time and as per the guidelines issued from NTPC Limited. The Company has implemented SAP in all modules. It is helping the Company a lot in retrieving data and maintaining systematic backup.

In order to ensure that all checks and balances are in place and all internal systems are in order, regular and exhaustive internal audits are conducted by experienced firm of Chartered Accountants in coordination with Internal Audit Department of NTPC Limited. The Company has constituted an Audit Committee to oversee the financial performance of the company. The scope of this Committee includes compliance and adequacy of Internal Control Systems in the Company.

FINANCIAL DISCUSSION AND ANALYSIS

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

The accounting policies set out in Note 1 to the Financial Statements have been applied in preparing the financial statements for the year ended 31 March 2019.

On 29.06.2018 Bihar State Power Generation Company Limited transferred its entire 27.36% stake in the Company to NTPC Limited. Subsequent to acquisition of entire share of BSPGCL by NTPC Limited, the Company has become a wholly-owned subsidiary of NTPC Limited. During the financial year 2018-19, 7,50,00,000 shares were issuedto NTPC Limited. The equity share capital of the Company reached ₹ 1510.67 crore. As on 31.03.2019, share application money pending allotment was Nil.

The shares of the Company were admitted in National Securities Depository Limited in June 2018. The ISIN allotted by Depository to Company's equity share is INE00W301019. The entire shareholding of Promoter is dematerialised, except 600 shares held by individual nominees.

Non-current assets

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	% change
Property, Plant and equipment	3835.39	3869.60	(0.88)
Intangible Assets	0.16	0.05	242.16
Capital work-in-progress	395.25	428.38	(7.73)
Others	85.90	77.29	11.14

Total depreciation charged on property, plant and equipment upto 31.03.2019 was ₹ 572.4087 crore. The additions in property, plant and equipment was due to land, plant and equipment, furniture & fixtures and office equipments. The Company capitalised ₹ 14.4994 crore towards the borrowing cost in CWIP.

Current assets

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	% change
Inventory	97.20	50.73	91.60
Trade Receivables	383.91	199.04	92.89
Cash and cash equivalents	9.92	23.50	(57.79)
Bank Balances other than cash and cash equivalents	18.57	-	100
Other Financial Assets	259.11	106.80	142.62
Others	38.66	36.74	5.22

Inventory included coal, fuel oil, components & spares, steel scrap, loose tools, chemicals & consumables, material-in-transit etc.

Balance with banks deposits with original maturity of more than three months and maturing within one year (₹ 15.70 crore) which has been kept in corporate liquid term deposits with banks and ₹ 2.87 Crore which has been kept as margin against letter of credit.

The Company has deposits with Government Authorities of an amount of ₹ 7.08 crores deposited under protest to Commercial Tax Authorities, Patna against demand for Entry Tax.

Liabilities – Non-current

(in Crores)

Particulars		As at 31.03.2019	As at 31.03.2018	% Change
Borrowings		2203.02	2424.93	(9.15)
	Secured Term Loan from Bank	1586.44	1707.58	(7.09)
	Secured Loan from others	506.58	516.35	(1.89)
	Unsecured Loan from NTPC Limited	110.00	201.00	(45.27)
Other financial liabilities		12.18	10.56	15.37
Provisions		0.35	-	100

The secured Term Loan has been obtained from consortium led by State Bank of India for development and expansion of MTPS Stage-II at Kanti. The sanctioned amount of loan and guarantee facility is ₹ 3019.75 crore. The Repayment period of the loan is 11 years and repayment has started from 30 September 2017 on quarterly basis. The loan bears floating rate of interest linked to Base Rate of respective lenders subject to minimum interest rate of SBI one year MCLR plus 40 basis points.

The Company has taken an unsecured term loan of' ₹ 121.00 crore from parent company NTPC Limited during the financial year 2016-17 bearing fixed interest rate of 10% per annum payable quarterly. The term loan was repayable in two equal half-yearly installments on 30 June 2019 and 31 December 2019. First installment of the term loan was paid on 20 December 2018 before scheduled date.

A term loan of ₹ 193.00 crore has been sanctioned by the parent company NTPC Limited during the financial year 2017-18 bearing fixed interest rate of 10% per annum payable quarterly. The Company has drawn ₹ 80.00 croreduring the financial year 2017-18 and ₹ 30.00 crore during the financial year 2018-19. The term loan is repayable in six equal half-yearly installments starting from 30 September 2020.

There has been no default in repayment of any of the loans or interest thereon as at the end of the year 31.03.2019.

Current Liabilities

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	% Change
Secured Loans repayable on demand	491.66	180.06	173.06
Trade Payables	174.06	111.12	56.64
Other financial liabilities	599.26	615.79	(2.69)
Other current liabilities	3.55	3.43	3.54
Short term provisions	18.36	17.96	2.21
Current tax liabilities	29.53	-	100

Other financial liabilities include current maturities of secured and unsecured term loans, payment due for capital expenditure, payment to be made to parent company, employees, deposits from contractors etc. The pay revision of the employees of the Company and employees on secondment basis from NTPC Limited was due with effect from 1 January 2017. A provision towards pay revision on an estimated basis having regard to the recommendations of the 3rd Pay Revision Committee was created in earlier years. During the year ended 31st March 2019, the Presidential directives for revision of the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises have been issued. Accordingly, the Company has paid the amount towards pay revision of employees on secondment from NTPC Limited. The pay revision of Company's own employees is pending. Hence, provision amounting to ₹ 0.22 crore (31 March 2018: ₹ 0.12 crore out of total provision of ₹ 6.77 crore) has been made towards pay revision on an estimated basis.

The grants received from Government of Bihar under Rashtriya Sam Vikas Yojna (RSVY) for renovation and modernisation of Stage-Iare recognised initially as deferred income. When there is reasonable assurance that they will be received, then the Company complies with the conditions associated with the grant. The Company received ₹ 30.65 crore as grant during the year. ₹ 40.55 crore was recognised as income during the year.

Revenue

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	% change
Energy sales	1563.58	820.12	90.65
Energy internally consumed	1.14	1.31	(13.44)
Recognised from deferred revenue – Government Grant	40.55	40.12	1.07
Other income	5.15	7.49	(31.17)

Company's revenues arise from generation and sale of energy and other income. The Company's operations in India are regulated under the Electricity Act, 2002. Accordingly, company record revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

Energy sales for the year ended 31 March 2018 amounting to ₹ 519.02 crore were accounted for on provisional basis for MTPS Stage-II (2*195MW) as under :-

i) Fixed Charges @ 85% of amount claimed in Tariff Petition.

ii) Variable Charges based on 210 MW size units since no comparative units of 195 MW were operational.

The CERC has issued Tariff Order for MTPS Stage-II (2*195 MW) on 29 April 2019 for the period up to 31 March 2019. Accordingly, the energy sales include sales of ₹ 0.30 crore and ₹ 5.95 crore (31 March 2018: ₹ Nil) as differential for the Financial Year 2016-17 and 2017-18 respectively based on Tariff Order.

The CERC has issued final tariff order for the period (1 November 2013 to 31 March 2014) for Unit 1 of MTPS Stage-1(2X110MW) on 9 February 2016. Sales for the financial year 2018-19 has been provisionally accounted for both units of Stage-1 (Unit 1 and Unit 2) based on the CERC order dated 9 February 2016. Sales have been provisionally recognized at ₹ 316.66 crore (31 March 2018: ₹ 301.10 crore) on the said basis.

Revenue from operations include ₹ 1.14 crore (31 March 2018: ₹ 1.31 crore) towards energy internally consumed, valued at variable cost of generation and the corresponding amount is included in power charges.

Expenses

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	% change
Fuel	817.71	494.32	65.42
Employee benefits expense	78.26	42.50	84.13
Finance costs	249.80	231.32	7.99
Depreciation and amortization expense	231.26	212.74	8.71
Other expenses	106.46	69.25	53.72

Expenditure on fuel constituted 55% of the total expenditure of the Company during the financial year ended 31.03.2019. The rise in fuel costs are due to increase in Energy sales of the Company for the year ended 31.03.2019.

Profits

The Company has made Net Profit after Tax of ₹ 98.74 crore. The main reasons were:

1. During the FY 2018-19, Stage-I and Stage-II could achieve Plant availability factor (PAF) of 48.34% and 83.98% against 46.15% and 44.70% respectively during the FY 2017-18.
2. Due to improvement in plant availability factor, fixed cost recovery improved, especially in MTPS Stage-II.
3. The main reasons for improvement in PAF were nonstop availability of coal and water after commissioning of MUW system in December, 2018.
4. Pursuant to issuance of Final Tariff Order in respect of MTPS Stage-II, energy sales were accounted for as per order which resulted in increase of revenue by Rs 93.12 Crore.
5. Majority of the constraints in progress of KBUNL were resolved during the FY 2018-19.

HUMAN RESOURCE

Presently, the Company has total strength of 234 employees, out of which, 230 employees are posted on secondment basis from the holding company i.e. NTPC Limited and 4 employees are on the rolls of KBUNL. Out of the total strength, the company has employed 42 SC candidates, 12 ST candidates, 50 OBC and 04 physically challenged candidates as a socially responsible and conscious organisation. 40 Diploma Trainees are recruited and put on job training.

The Company is paying adequate perks and also making employees part of profit sharing by giving Profit Related Payment. They are being imparted training / participation in seminar for their professional up gradation from time to time as an endeavour of your company to become a learning organisation. The Company had incurred ₹ 81.51 crore (previous year ₹ 54.56 crore) - towards Salaries, Wages, Allowances, Benefits, Contribution to Provident and other Funds and welfare expenses. Out of ₹ 81.51 crore, the amount transferred to fuel cost amounted to ₹ 3.25 crore. During the period under review, Presidential Directive received by NTPC for revision of pay of executives was made applicable to the executives who were on secondment basis from NTPC.

Safety is being taken on topmost priority. Implementation of Safety pyramid has improved the safety culture & to address the issues at lowest level of the Pyramid. Further policy of reinforcing of Positive Human Behaviour, Coaching Culture, Tracking unsafe behaviours, Focus on last line of Work force are key parameters being monitored & implemented in all areas of Operation & Maintenance and Construction & erection activities for the protection of workers against injury and diseases.

Occupational safety at workplace is given utmost importance. Safety Kiosk has been set up for visitors at main gate for providing basic PPEs & awareness before entering to plant.

OUTLOOK

The company's outlook is very bright. It is generating revenue for growth and development of the company after becoming operational. It is also boosting employment opportunities to the local inhabitants.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing objectives, projections and estimates, are forward-looking statements and progressive, within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic condition, Government policies and other incidental/ related factors.

For and on behalf of Board of Directors

Sd/-
(Prakash Tiwari)
Chairman
(DIN: 08003157)

Place: New Delhi
Dated: 29.07.2019

Report on Corporate Governance

1. Company's Philosophy on Code of Governance

"Corporate Governance is more than a set of processes and compliances at Kanti Bijlee Utpadan Nigam Limited. It underlines the role that we see for ourselves for today, tomorrow and beyond."

The aforesaid philosophy is what keeps us at your Company driven to ensure better practices and sustainable growth. The heart of corporate governance is transparency, disclosure, accountability and integrity and therefore, we always encourage a trustworthy, moral and an ethical climate at KBUNL.

We have set processes, customs, policies, code and instructions which directs, administers or controls the Company. The participants in the process include employees, suppliers, partners, customers, government, and regulators, and the communities in which the organization has presence.

Corporate Governance is integral to the existence of the KBUNL. Your Directors are pleased to present the Corporate Governance Report for the financial year ended 31st March2019.

We believe that our Company shall go beyond adherence to regulatory & statutory framework. The Company expects to realise its Vision by taking such actions as may be necessary in order to achieve its goals of value creation, safety, environment protection and health and progress of people.

Your Company adheres to the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India to the extent such compliances are within the ambit of the Company.

2. Board of Directors

The Board of Directors of your Company plays a pivotal role in ensuring good governance. The contribution of Directors on the Board is critical to the way company conducts itself. The Board's responsibilities are derived from law, custom, tradition and prevailing practices and to fulfil corporate responsibility towards our stakeholders.

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. Over the years, the Board has always endeavoured to fulfil corporate responsibility towards our stakeholders. The Board has necessary authority and processes to review and evaluate our operations when required. Further, the Board makes decisions that are independent of the Management.

i. Composition of the Board

The Company is managed by the Board of Directors which formulates strategies and policies and keeps updating them regularly. As per the Articles of Association, the number of Directors shall not be less than 4 and not more than 12. The parties shall determine the period upto which their respective nominees shall hold office.

During the year under review, the entire shareholding of Bihar State Power Generation Company Limited held in your Company was acquired by NTPC Limited on 29.06.2018. The nomination of Shri Prataya Amrit and Shri R. Lakshmanan, Directors was withdrawn w.e.f. 16.08.2018 by BSPGCL.

As on 31.03.2019, there were 4 (four) Directors on the Board which were nominated by NTPC as under:

S. No.	Name of Director	Designation	Date of Appointment
1.	Shri Prakash Tiwari	Chairman	Director w.e.f. 25.11.2017 and Chairman w.e.f. 09.03.2018
2.	Shri S. Narendra	Director	Director w.e.f. 04.05.2018
3.	Smt. Sangeeta Bhatia	Director	Director w.e.f. 09.07.2014
4.	Shri Ajay Dua	Director	Director w.e.f. 12.03.2018

ii. **Independent Directors**

DPE Guidelines on Corporate Governance for CPSEs requires the Company to appoint two Independent Directors on the Board. However, Ministry of Corporate Affairs, through Notification dated 05.07.2017, has exempted the public unlisted wholly-owned subsidiary Companies from appointing Independent Directors.

We understand that the above DPE Guidelines are under revision to align it with the Companies Act, 2013.

iii. **Woman Director**

As per the requirement of the Companies Act, 2013, the Company has one Woman Director on its Board.

iv. **Board Meetings**

During the year, eight Meetings of the Board were held on 30.04.2018, 17.05.2018, 31.05.2018, 20.07.2018, 17.08.2018, 18.09.2018, 04.12.2018 and 08.02.2019. The attendance of Directors in Board Meetings was as under:

Date of the Meeting/ Name of the Director	DIN	BOARD MEETINGS							
		30.04.18	17.05.18	31.05.18	20.07.18	17.08.18 & (Adj)	18.09.18	04.12.18	08.02.19
Shri Prakash Tiwari, Chairman	08003157	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Shri P. Amrit, Director (upto 16.08.2018)	**01192117**	No	Yes	Yes	No	N.A.	N.A.	N.A.	N.A.
Smt. Sangeeta Bhatia, Director	**06889475**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri R. Lakshmanan, Director (upto 16.08.2018)	**06908182**	Yes	Yes	Yes	Yes	N.A.	N.A.	N.A.	N.A.
Shri M.P. Sinha, Director (upto 27.04.2018)	**08073125**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Ajay Dua, Director	**08084037**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Shri S. Narendra Director (Nominated by NTPC w.e.f. 04.05.2018)	**08126188**	Yes*	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*attended the Meeting as a Special Invitee and appointed as Director of KBUNL from the date of obtaining DIN. DIN was obtained on 04.05.2018.

In all Board Meetings, CEO, CFO and Company Secretary were duly present.

v. **Number of Shares held by the Directors as on 31.03.2019**

Directors	**No. of shares**
Shri Prakash Tiwari	100
Shri S. Narendra	100
Smt. Sangeeta Bhatia	100
Shri Ajay Dua	100

3. Committees of the Board

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. Senior functional executives are also invited, as and when required, to provide necessary information/clarification to the Committees of the Board.

We have following sub-committees of the Board as on 31.03.2019:

A. Audit Committee;
B. Nomination and Remuneration Committee;
C. Corporate Social Responsibility Committee;
D. Committee of the Board for Allotment and Post-Allotment Activities of Shares of the Company.

Investment Committee and Contracts Committee were dissolved as they were not required by the Company presently.

A. <u>Audit Committee</u>

The term of reference of Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs, which includes the following:

(i) Discussions with the Auditors about the scope of audit including observations of auditors;
(ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statement are correct, sufficient and credible;
(iii) Noting appointment and removal of external auditors. Recommending audit fee of external auditors and also approval for payment for any other service;
(iv) Recommending appointment and remuneration of Cost Auditors;
(v) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
(vi) Approval or any subsequent modification of transactions of the company with related parties;
(vii) Scrutiny of inter-corporate loans and investments;
(viii) Valuation of undertakings or assets of the company, wherever it is necessary;
(ix) Evaluation of internal financial controls and risk management systems;
(x) Monitoring the end use of funds raised through public offers and related matters;
(xi) Receiving the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a nature and reporting the matter to the Board;
(xii) Consider and review the following with the management, internal Auditor and the independent Auditor:
    1. Significant findings during the year, including the status of previous audit recommendations;

2. Any difficulties encountered during audit work including any restrictions on the Scope of the activities or access to required information.

(xiii) Review of all financial reports including Annexure to Cost Audit Reports, Internal Audit reports etc;

(xiv) Review of Management Discussion and Analysis report;

(xv) Review of half-yearly and annual financial statements before submission to the Board for approval, with particular reference to:

1. Change, if any, in accounting policies and practices and reasons for the same;
2. Significant adjustments made in financial statements arising out of audit findings;
3. Disclosure of any related party transactions;
4. Qualifications in audit report.

(xvi) Review of observations of Statutory Auditors and Comptroller and Auditor General of India and

(xvii) Such matters as may be referred to it by the Board of Directors, from time to time.

The constitution of the Audit Committee of the Company as on 31.03.2019 comprised following 3 (three) Members:

i. Smt. Sangeeta Bhatia, Director
ii. Shri S. Narendra, Director and
iii. Shri Ajay Dua, Director

The senior most Director acts as Chairman of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

During the year, three Meetings of the Committee were held on 17.05.2018, 18.09.2018 and 08.02.2019. The attendance of Directors in these Meetings is as under:

Date of the Meeting/ Name of the Member	**17.05.18**	**18.09.18***	**08.02.19**
Shri Pratyaya Amrit (upto 16.08.2018)	Yes	N.A.	N.A.
Smt. Sangeeta Bhatia	Yes	Yes	Yes
Shri S. Narendra (appointed as Committee member w.e.f. 04.05.2018)	Yes	Yes	Yes
Shri R. Lakshmanan (upto 16.08.2018)	Yes	N.A.	N.A.
Shri Ajay Dua	Yes	Yes	No

*Shri Prakash Tiwari, Chairman also attended the Meeting.

During the year, there is no instance, where the Board had not accepted any recommendation(s) of the Audit Committee.

Your Company has ensured to remain in the regime of unqualified statement.

B. Nomination & Remuneration Committee

The term of reference of Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, which is as under:

(i) Shall identify who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;

(ii) Shall formulate the criteria for determining qualifications, positive attributes & recommend to the board a policy relating to the remuneration for, KMP & other employees;

(iii) Shall while formulating the policy, NRC ensure that:

1. Relationship of remuneration to performance is clear & meets appropriate performance benchmarks; and
2. Remuneration to KMP and senior management involves a balance between fixed & incentive pay reflecting short & long-term performance objectives appropriate to the working of the company & its goals.

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2019 was as under:

i. Smt. Sangeeta Bhatia, Director
ii. Shri Ajay Dua, Director
iii. Shri S. Narendra, Director

The senior most Director acts as the Chairman of the Nomination & Remuneration Committee.

During the year 2018-19, 2 (Two) meetings of the Nomination and Remuneration Committee were held on 20.07.2018 and 17.08.2018. The attendance of Directors in Nomination & Remuneration Committee Meetings is as under:

Date of the Meeting/ Name of the Member	**20.07.2018**	**17.08.2018**
Smt. Sangeeta Bhatia	Yes	Yes
Shri S. Narendra (appointed as Committee member w.e.f. 04.05.2018)	*	Yes
Shri R. Lakshmanan (upto 16.08.2018)	Yes	N.A.
Shri Ajay Dua	Yes	Yes

*Shri S. Narendra was an alternate Member of the Nomination and Remuneration Committee. He did not attend the Meeting on 20.07.2018.

C. Corporate Social Responsibility Committee

The term of reference of Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013 which is as under:

(i) To formulate & recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time by the Ministry of Corporate Affairs, GOI;
(ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and approve the budget for CSR;
(iii) To monitor the CSR Policy of the company from time to time;
(iv) Shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;
(v) Any other matter as may be delegated by the Board from time to time.

The constitution of the Corporate Social Responsibility Committee of the Company as on 31.03.2019 comprised following 3 (three) Directors:

i. Shri S. Narendra, Director;
ii. Smt. Sangeeta Bhatia, Director; and
iii. Shri Ajay Dua, Director

The senior most Director acts as the Chairman of the Corporate Social Responsibility Committee.

No meeting of the CSR Committee was held during FY 2018-19.

D. Committee for Allotment and Post-Allotment Activities of Shares of the Company

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is to approve allotment and transfer of shares.

The constitution of the Allotment and Post-Allotment Committee of the Shares of the Company as on 31.03.2019 was as under:

i. Smt. Sangeeta Bhatia, Director
ii. Shri S. Narendra, Director
iii. Shri Ajay Dua, Director

The senior most Director acts as the Chairman of the Committee for Allotment and Post-Allotment activities.

During the 2018-19, 3 (three) meetings of the Committee for Allotment and Post-Allotment Activities of the Shares of the Company was held on 17.05.2018, 04.12.2018 and 08.02.2019. The attendance of Directors in Committee for Allotment and Post Allotment activities of Shares of the Company is as under:

Date of the Meeting/ Name of the Member	**17.05.2018**	**04.12.2018**	**08.02.2019**
Shri Pratyaya Amrit (upto 16.08.2018)	Yes	N.A.	N.A.
Smt. Sangeeta Bhatia	Yes	Yes	Yes
Shri Ajay Dua	N.A.	Yes	No
Shri S. Narendra (appointed as Committee member w.e.f. 04.05.2018)	*	Yes	Yes

*Shri S. Narendra was an alternate Member of the Nomination and Remuneration Committee. He did not attend the Meeting on 20.07.2018.

4. **Remuneration Policy/ Detail of Remuneration to Directors**

Since the Directors are nominated by NTPC, they are governed by the remuneration policy as applicable to NTPC.

5. **Remuneration to Employees**

As majority of the employees are on secondment basis from NTPC, their remuneration is as per the rules of NTPC. Only few employees are on the rolls of KBUNL which were earlier from Bihar State Electricity Board and had opted to serve in KBUNL. They are also being paid remuneration as per NTPC Rules.

During the year, 40 Diploma Trainees are also recruited in the Company. They are being paid stipend as per their recruitment rules.

Annual Performance Related Payment is decided by the Nomination and Remuneration Committee based on the PRP decided by NTPC for employees on secondment basis to its subsidiaries and joint venture companies.

6. **General Body Meetings**

The attendance of Directors in Annual General Meeting and Extra-Ordinary General Meeting held during the FY 2018-19 is as under:

Date of the Meeting/ Name of the Director	**EGM**	**AGM**
	31.05.2018	**18.09.2018**
Shri Prakash Tiwari, Chairman and Member	Yes	Yes

Shri Prataya Amrit, Director and Member (upto 16.08.2018)	Yes	N.A.
Shri S. Narendra, Director and Member	Yes	Yes
Smt. Sangeeta Bhatia, Director and Member	Yes	Yes
Shri R. Lakshmanan, Director and Member (upto 16.08.2018)	Yes	N.A.
Shri Ajay Dua, Director {Member since 02.07.2018}	*	Yes

*attended the EGM as Director

The Chairman of the Audit Committee and Nomination and Remuneration Committee were present in the Annual General Meeting.

Forthcoming AGM: Date, Time and Venue

The 13th Annual General Meeting of the Company (AGM) is scheduled on Monday, 29th July 2019 at the registered office of the Company situated at NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodi Road, New Delhi-110003.

Location and Time of the last three AGMs

The location, time and details of the special resolutions passed during last three AGMs are as follows:

For the FY	2015-16	2016-17	2017-18
AGM	10th	11th	12th
Date and Time	28.07.2016 3:00 p.m.	30.08.2017 1:30 p.m.	18.09.2018 12.00 Noon
Venue	NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003	NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003	NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi-110003
Special Resolution Passed	-	-	-

In the Extra-Ordinary General Meeting held on 31.05.2018, a Special Resolution was passed to amend the Articles of Association in order to facilitate transfer of entire shareholding of BSPGCL, in KBUNL, to NTPC Limited.

7. Means of Communication

The Company communicates with its shareholders through its Annual Report and General Meetings.

8. **Dematerialisation of securities of the Company**

During the year, the Company admitted its shares with National Securities Depository Limited (NSDL). The ISIN is INE00W301019. The Registrar and Share Transfer Agent is MCS Share Transfer Agent Limited.

Address of National Securities Depository Limited (NSDL)	:	Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013
Address of Registrar and Transfer Agent (RTA)	:	F-65, Ist Floor, Okhla Industrial Area, Phase-I, New Delhi -1100 20.

Secretarial Audit Report for reconciliation of the share capital of the Company for the half-year ended 31st March, 2019 was obtained from Practising Company Secretary and submitted to the Registrar of Companies.

9. **Disclosures**

a. Every Director of the Company had disclosed his nature of interest/ concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.

b. The Annual Financial Statements FY 2018-19 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.

c. The Company has a system in place for monitoring of various statutory and procedural compliances. Further, a compliance certificate on applicable laws is in place on yearly basis.

d. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.

e. All the Board Members and Senior Management Personnel are governed by the Code of Conduct of NTPC Limited as they are nominated/ deputed by NTPC. The affirmation to the Code of Conduct is given by Board Members and Senior Management Personnel at NTPC.

f. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has implemented Whistle Blower Policy (Vigil Mechanism) under which the employees are free to report violations of applicable laws and regulations. No personnel have been denied access to the Audit Committee.

g. During the year under review, no Presidential Directive was received by your Company. However, the Parent Company, i.e. NTPC received a Presidential Directive for revision of pay of executives of the Company. The same was complied for the executives of the Company who were on secondment basis from NTPC.

10. The information regarding shareholding pattern of Promoters and Directors is given under Extract of Annual Return which is at Annex-III to the Directors' Report.

11. **Training of Board Members**

As the Board Members are the Nominees of NTPC, they are being imparted training by the parent companies. Detailed presentations were made by senior executives/ professionals/ consultants on business-related issues at the Board/Committee meetings as and when required.

12. **Location of Plant**

Muzaffarpur Thermal Power Station, Muzaffarpur, Bihar.

For and on behalf of the Board of Directors

Sd/-
(Shri Prakash Tiwari)
Chairman
DIN: 08003157

Place: New Delhi
Dated: 29.07.2019

Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certification

We, Ujjwal Banerjee, Chief Executive Officer and Vinay Kumar Mittal, Chief Financial Officer of Kanti Bijlee Utpadan Nigam Limited, to the best of our knowledge and belief, certify that:

(a) We have reviewed financial statements, including all notes to the financial statements and the cash flow statements for the year ended March 31, 2019 and to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which is fraudulent, illegal or violative of the company's various code(s) of conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the company's auditors and the Audit Committee of KBUNL's Board of Directors:

  (i) significant changes, if any, in internal control over financial reporting during the year;

  (ii) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(Vinay Kumar Mittal)
Chief Financial Officer

(Ujjwal Banerjee)
Chief Executive Officer

Place: New Delhi	
Date : May 30, 2019	

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DEEPAK DHIR & ASSOCIATES

Company Secretaries

G-17, Anupam Complex, Plot No. 9-10, A-Block
Paschim Vihar, New Delhi-110063
Mob.: +91-7503304860, Ph.: 011-45019978
E-mail: csdeepakdhir@gmail.com

CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2018-19

The Members,
Bhartiya Rail Bijlee Company Limited

We have examined the compliance of Guidelines on Corporate Governance for Central Public Sector Enterprise, 2010 as issued by DPE from time to time of your Company.

The compliance of guidelines on Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us by the management, we certify that the Company has complied DPE Guidelines on Corporate Governance except with respect to appointment of Independent Directors as required thereunder.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deepak Dhir & Associates
Company Secretaries

Deepak Dhir & Associates
C.P. No. 17296
Company Secretaries

Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Date: 19.07.2019
Place: New Delhi

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KANTI BIJLEE UTPADAN NIGAM LIMITED

Annexure –III to the Directors Report of KBUNL

Form No. MGT-9

Extract of Annual Return
as on financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U40102DL2006GOI153167
ii)	Registration Date	:	September 6, 2006
iii)	Name of the Company	:	Kanti Bijlee Utpadan Nigam Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Government Company
v)	Address of the Registered office and contact details	:	NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003 Ph. No.: 011-2436 0071 Fax No.: 011-24360241 E-mail: ruchimittal@ntpc.co.in
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	MCS Share Transfer Agent Limited

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/Services	NIC code of the Product/service	% to total turnover of the Company
1	Electric Power Generation by coal based thermal power plant	35102	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NTPC Limited Address: NTPC Bhawan, Core 7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003	L40101DL1975GOI007966	Holding	100%*	2 (46) of the Companies Act, 2013

*NTPC acquired 27.36% share of equity held by Bihar State Power Generation Company Limited in KBUNL on 29.06.2018. Thus, KBUNL became a wholly-owned subsidiary of NTPC w.e.f. 29.06.2018.

IV. SHARE HOLDING PATTERN (Equity Share Capital break-up as percentage of total equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a)Individual/~~HUF~~ (i) As Nominee of NTPC	-	300	300	0.00	-	600	600	0.00	+100 %
(ii) As Nominee of Bihar State Power	-	300	300	0.00	-	-	-	0.00	-100%

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
Generation Company Limited*									
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.(s)	-	-	-	-	-	-	-	-	-
d)Bodies Corp.									
NTPC Limited	-	1,04,28,88,341	1,04,28,88,341	72.64%	1,51,06,73,105	-	1,51,06,73,105	100%	+44.85 %
Bihar State Power Generation Company Limited*	-	39,27,84,764	39,27,84,764	27.36%	-	-	-	-	-100%
e)Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	**1,43,56,73,705**	**1,43,56,73,705**	**100%**	**1,51,06,73,705**	-	**1,51,06,73,705**	**100%**	+5.22 %
(2) **Foreign**									
a)NRIs- individuals	-	-	-	-	-	-	-	-	-
b)Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + A(2)	-	**1,43,56,73,705**	**1,43,56,73,705**	**100%**	**1,51,06,73,705**	-	**1,51,06,73,705**	**100%**	+5.22 %
B. Public Shareholding									
1.Institutions									
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b)Banks/FI	-	-	-	-	-	-	-	-	-
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt.(s)	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)FIIs	-	-	-	-	-	-	-	-	-
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)Others(specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-	-	-	-	-	-	-	-	-	-
2.Non-institutions									
a)Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b)Individuals									
i)Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c)Others(specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	**1,43,56,73,705**	**1,43,56,73,705**	**100%**	**1,51,06,73,705**	-	**1,51,06,73,705**	**100%**	+5.22 %

*NTPC acquired 27.36% of equity held by Bihar State Power Generation Company Limited in KBUNL on 29.06.2018. Thus, KBUNL became wholly-owned subsidiary of NTPC w.e.f. 29.06.2018.

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in the shareholding during the year
1.	NTPC Limited	1,04,28,88,341	72.64%	-	1,51,06,73,105		-	+44.85%
2.	Bihar State Power Generation Company Limited	39,27,84,764	27.36%	-	-	-	-	-100%
3.	Nominees of NTPC	300	0.00	-	600	0.00	-	+100%
4.	Nominees of Bihar State Power Generation Company Limited	300	0.00	-	-	-	-	-100%

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

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**1,43,56,73,705**	100%	**1,43,56,73,705**	100%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):				
	Allotment made on 04.12.2018	5,00,00,000	-	1,48,56,73,705	-
	Allotment made on 08.02.2019	2,50,00,000	-	1,51,06,73,705	-
	At the end of the year	**1,51,06,73,105**	100%	**1,51,06,73,705**	100%

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

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

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(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Shri Prakash Tiwari Chairman & Nominee Shareholder of NTPC**				
	At the beginning of the year	100	0.00	100	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc)	Nil	0.00	Nil	0.00
	At the End of the year	100	0.00	100	0.00
2.	**Ms. Sangeeta Bhatia Director & Nominee Shareholder of NTPC**				
	At the beginning of the year	100	0.00	100	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc):	Nil	0.00	Nil	0.00
	At the End of the year	100	0.00	100	0.00
3.	**Shri S. Narendra Director & Nominee Shareholder of NTPC**				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): Shares transferred from Shri M. P. Sinha, Director & Nominee Shareholder of NTPC on 17.05.2018	Nil	0.00	100	0.00
	At the End of the year	100	0.00	100	0.00
4.	**Shri Ajay Dua Director & Nominee Shareholder of NTPC**				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): Shares transferred from Shri R. Lakshmanan, Director & Nominee Shareholder of BSPGCL on 02.07.2018	100	0.00	100	0.00
	At the End of the year	100	0.00	100	0.00
5.	**Shri M.P. Sinha[1] Director & Nominee Shareholder of NTPC**				
	At the beginning of the year	100	0.00	100	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): Shares transferred to Shri S. Narendra, Director & Nominee Shareholder of NTPC on 17.05.2018	(100)	0.00	(100)	0.00
	At the End of the year	Nil	0.00	Nil	0.00
6.	**Shri P. Amrit[2] Director & Nominee Shareholder of BSPGCL**				
	At the beginning of the year	100	0.00	100	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): Shares transferred to Ms. Nandini Sarkar, Nominee Shareholder of NTPC on 02.07.2018	(100)	0.00	(100)	0.00
	At the End of the year	Nil	0.00	Nil	0.00
7.	**Shri R. Lakshmanan[3] Director & Nominee Shareholder of BSPGCL**				
	At the beginning of the year	200	0.00	200	0.00
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus /sweat equity etc): 100 shares transferred to Shri Ajay Dua, Director & Nominee Shareholder of NTPC on 02.07.2018 100 shares transferred to Shri Praveen Saxena, Nominee Shareholder of NTPC on 02.07.2018	(200)	0.00	(200)	0.00
	At the End of the year	Nil	0.00	Nil	0.00

[1]Shri M.P. Sinha ceased to be Director on 27.04.2018
[2]Shri P. Amrit ceased to be Director on 16.08.2018
[3]Shri R. Lakshmanan ceased to be Director on 16.08.2018

V. INDEBTEDNESS

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

(Rs in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2409.6079	201.0000	0.0000	**2610.6079**
ii) Interest due but not paid	0.0000	0.0000	0.0000	**0.0000**
iii) Interest accrued but not due	0.0000	0.0000	0.0000	**0.0000**
Total (i + ii + iii)	2409.6079	201.0000	0.0000	**2610.6079**
Change in Indebtedness during the financial year				
• Addition	87.6787	30.0000	0.0000	**117.6787**
• Reduction	206.2536	60.50000	0.0000	**266.7536**
Net Change	(118.5749)	(30.50000)	0.0000	**(149.0749)**
Indebtedness at the end of the financial year				
i) Principal amount	2291.0330	170.5000	0.0000	**2461.533**
ii) Interest due but not paid	0.0000	0.0000	0.0000	**0.0000**
iii) Interest accrued but not due	0.0000	0.0000	0.0000	**0.0000**
Total (i + ii + iii)	2291.0330	170.5000	0.0000	**2461.533**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					
		CEO* (Shri P K Sinha)	CEO** (Shri S. Gouri Shanker)	CEO# (Shri Ujjwal Banerjee)	CFO (Shri V.K. Mittal)	Company Secretary^	Total
1.	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	19,61,614	4,63,748	40,49,404	68,87,434	23,96,106	1,57,58,306
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	41,724	44,225	1,61,396	5,31,081	87,341	8,65,767
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-			-	-	-
3.	Sweat Equity	-			-	-	-
4.	Commission - as % of profit - others, specify…	-			-	-	-
5.	Others, please specify	-			-	-	-
	Total	20,03,338	5,07,973	42,10,800	74,18,515	24,83,447	1,66,24,073

***Ceased to be Chief Executive Officer on 21.07.2018**
****Appointed as Chief Executive Officer from 22.07.2018 to 17.08.2018**
#Appointed as Chief Executive Officer w.e.f. 17.08.2018
^CS is posted at Delhi. Accordingly, salary is also being debited at Delhi.

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

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

For and on behalf of Board of Directors

Sd/-

(Prakash Tiwari)
Chairman
Din: 08003157

Place: New Delhi
Dated: 29.07.2019

Annex-IV to Directors' Report of KBUNL

Annual Report on Corporate Social Responsibility Activities

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

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

   KBUNL has executed the CSR activities for long and having a formidable set-up for executing CSR activities. The CSR Policy is formulated keeping in view the requirements of the Department of Public Enterprises and the Companies Act, 2013. The CSR policy focused on Health, Sanitation, Drinking Water, Education, Capacity Building, Women Empowerment, Social Infrastructure Development, support to Physically Challenged Person (PCPs), and activities contributing towards Environment Sustainability and other subject matter described under Schedule VII of the Companies Act, 2013.

2. The CSR Committee as on 31.03.2019 comprised Smt. Sangeeta Bhatia, Shri S. Narendra and Shri Ajay Dua, Directors.

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

   The average net profit (loss) of the Company for three immediately preceding financial years i.e. 2015-16, 2016-17 and 2017-18 is ₹ 92.92 *Crores.*

4. **Prescribed CSR Expenditure.**

   As per requirement of the Companies Act, 2013, the Company is required to spend 2% of the average net profit of the company made during three immediately preceding financial years in CSR activities. As the average net losses of the Company for three immediately preceding financial years was ₹ 92.92 **Crore,** the Company was not required to spend on CSR activities in the FY 2018-19.

5. ***Details of CSR spent during the last five financial years:***

(in lakhs)

Financial Year	*Budget*	*Spent*	*Unspent*
2014-15	*0.00*	*0.00*	*0.00*
2015-16	*20.23*	*7.73*	*12.50*
2016-17	-	*1.62*	*10.88*
2017-18	-	*10.88*	*Nil*
2018-19	-	*509.40**	*Nil*

**The Company was not required to spend any amount on CSR activity. However, the Company has spent ₹ 509.40 lakh voluntarily during 2018-19.*

(a)	**Total amount to be spent for the financial year 2018-19**	:	Nil
(b)	**Amount unspent, if any**	:	NIL
(c)	**Manner in which the amount spent during the financial year**	:	**Detailed below**

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(1) S.No	(2) CSR project or activity identified	(3) Sector in Which the Project is covered	(4) Projects or Programs (1) Local area or other (2)Specify the State and the district where projects or progams was undertaken	(5) Amount outlay (budget) Project or Programs wise (Amount in Lakh)	(6) Amount spent on the Projects or programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads: (Amount in Lakh)	(7) Cumulative expenditure upto to the reporting period. (Amount in Lakh	(8) Amount spent: Direct or through implementing agency
1	Construction of PCC and brick soiling Road in various villages of Arrah, Bihar	Community welfare	Arrah, Bihar		509.40	509.40	M/s Rakesh Ranjan
	Total				509.40	509.40	

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

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

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

For and on behalf of the Board of Directors

Sd/- **(U. Banerjee)** **Chief Executive Officer**	Sd/- **(Prakash Tiwari)** **CHAIRMAN** **DIN: 08003157**

Place: New Delhi
Date: 29.07.2019

(56/162)

DEEPAK DHIR & ASSOCIATES

Company Secretaries

C-17, Anupam Complex, Plot No. 9-10, A-Block
Paschim Vihar, New Delhi-110063
Mob. : +91-7503304860, Ph. : 011-45019978
E-mail: csdeepakdhir@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members
Kanti Bijlee Utpadan Nigam Limited
CIN: U40102DL2006GOI153167
NTPC Bhawan, Core - 7 Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanti Bijlee Utpadan Nigam Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under **(Not applicable to the Company during the Audit Period)**;

Contd.........2

Deepak Dhir & Associates C.P. No. 17296 Company Secretaries

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(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under **(Not applicable to the Company during the Audit Period)**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**;

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period)**;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period)**;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**;

(vi) Compliance processes/systems under other applicable laws to the Company are being verified on the basis of periodic certificate submitted to the Boards of Directors of the Company.

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

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

Contd.........3

Deepak Dhir & Associates * Company Secretaries * C.P. No. 17296

(58/162)

b) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulation, 2015 **(Not applicable to the Company during the Audit Period)**;

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

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

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

All the decisions made in the Board/Committee meetings(s) were carried out with majority of the Directors/Members present during the meeting though while the dissenting Directors/member's views, if any, are captured and recorded as part of the minutes.

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

We further report that during the audit period there were no specific events/actions occurred which had a major bearing on the Company's affairs in pursuance of above referred laws, rules, regulation, guidelines and standards.

For Deepak Dhir & Associates
Company Secretaries

Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Date: 13.06.2019
Place: New Delhi

This report is to be read in conjunction with our letter of even date which is marked as **'Annexure A'** and forms an integral part of this report.

Contd..........4

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Annexure A

To,

The Members
M/s Kanti Bijlee Utpadan Nigam Limited
CIN: U40102DL2006GOI153167
NTPC Bhawan, Core - 7 Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

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

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

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

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

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

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

For Deepak Dhir & Associates
Company Secretaries
Deepak Dhir & Associates C.P. No. 17296 Company Secretaries
Deepak
Deepak Kumar Dhir
ACS No.: 45930
CP No.: 17296

Date: 13.06.2019
Place: New Delhi

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
KANTI BIJLEE UTPADAN NIGAM LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Kanti Bijlee Utpadan Nigam Limited ("*the Company*")** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

Muzaffarpur Office- 1st Floor, Shanti Market, Sutapatty, Muzaffarpur-842001. Phone No.0621-2266540
Kolkata Office- 6th Floor, Room No."H", 41 B.B.Ganguly Street, Kolkata-700012. Phone No.033-40613030
E-mail : arsureka@gmail.com, neerajsureka@gmail.com

Information Other than the Financial Statements and Auditor's Report thereon

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

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

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

Responsibilities of Management and those charged with governance for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

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

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

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

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity, dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules of the Companies (Accounts) Rules, 2014.

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

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

f) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Company;

g) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"** to this report.

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

i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 41 of the financial statements.

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended on 31 March, 2019.

For A. R. Sureka & Co
Chartered Accountants
Firm Reg.No.000360C

Neeraj Sureka

(Neeraj Kumar Sureka)
Partner
M.No.056920
Place: New Delhi
Date: 20 May 2019

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant & Equipment).

(b) There is a regular programme of physical verification of all fixed assets (Property, Plant & Equipment) over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the Company except as follows:-

Description of Assets	Area in acres	Gross Block as On 31.03.2019 (₹ in lakhs)	Remarks (if any)
Land Free Hold	22.81	1183.45	The Company is taking appropriate steps for completion of legal formalities
Land lease Hold	1.24	177.00	

(ii) The management has conducted the physical verification of inventory at reasonable intervals. No material discrepancies were noticed on such physical verification.

(iii) The Company has not granted any loans, secured or unsecured to any companies, firms, Limited Liability Partnership or other parties covered in the Register maintained under section 189 of the Act. In view of the above, the clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) The Company has not granted any loans or given any guarantee or provided any security covered under section 185 and 186 of the Act.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Therefore, the provision of clause 3(v) of the order is not applicable on the company.

(vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain Cost Records as specified under Sec 148(1) of the act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

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Kolkata Office- 6th Floor, Room No."H", 41 B.B.Ganguly Street, Kolkata-700012. Phone No.033-40613030
E-mail : arsureka@gmail.com, neerajsureka@gmail.com

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

(vii) (a) Undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, Cess, goods and service tax (GST) and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed statutory dues outstanding as on 31 March 2019 for a period of more than six months from the date they became payable. We have been informed that employees' state insurance is not applicable to the Company.

(b) According to information and explanations given to us, against disputed statutory dues amounting to **Rs. 723.61** lakhs, the company has deposited ₹ 708.08 lakhs under protest, on account of matters pending before appropriate authorities as detailed below :

Sl No.	Name of Statute	Nature of Dues	Forum where the dispute is pending	Amount ₹ (lakhs)
1	The Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale therein Act,1993	Entry Tax Pertaining to FY 2007-08 to 2012-13	Commissioner of Commercial Taxes, Patna & Commercial Tax Tribunal, Patna	723.61
		TOTAL		723.61

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a financial institution or banks at the balance sheet dates. The company has neither issued any debenture nor has taken any loan or borrowing from the Government as at the balance sheet date.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer. According to the information and explanations given to us, the money raised by the Company by way of term loans have been applied for the purposes for which they were obtained.

(x) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) As per notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, section 197 of the Act is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the Order are not applicable to the Company.

(xii) The provisions of Clause 3(xii) of the Order, for Nidhi Company, are not applicable to the Company.

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A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

(xiii) The Company has complied with the provisions of Section 177 and 188 of the Act w.r.t. transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. However, right issues to its shareholders were made during the year under review, and the requirements of section 42 of the Act have been complied with, and the money raised has been used for the purpose for which it was raised.

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

(xvi) According to information and explanations given to us, the Company is not required to be registered u/s 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision of clause 3(xvi) of the Order is not applicable to the company.

For A. R. Sureka & Co
Chartered Accountants
Firm Reg.No.000360C

Neeraj Sureka

(Neeraj Kumar Sureka)
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

Sl. No.	Directions u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken on the direction	Impact on financial statement
1	Whether the Company has system in place all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanations given to us, the Company has a system in place to process all the accounting transactions through IT system. SAP-ERP has been implemented for all the processes like Financial Accounting (FI), Controlling(CO), Sales and Distribution (SD), Payroll / Human Capital Management (HCM), Material Management (MM), Commercial billing / Industry Solution Utilities (ISU), etc. Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed/carried outside the IT system. Accordingly, there are no implications on the integrity of the accounts.	NIL
2	Whether there are any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the audit procedures carried out and as per the information and explanations given to us, there was no restructuring of existing loans or cases of waiver/write off of debts/ loans/interest etc.made by the lender to the company due to the company's inability to repay the loan.	NIL
3	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	Based on the audit procedures carried out and as per the information and explanations given to us, the Funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per the respective terms and conditions.	NIL

For A. R. Sureka & Co
Chartered Accountants
Firm Reg.No.000360C

Neeraj Sureka
(Neeraj Kumar Sureka)
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

Muzaffarpur Office- 1st Floor, Shanti Market, Sutapatty, Muzaffarpur-842001. Phone No.0621-2266540
Kolkata Office- 6th Floor, Room No."H", 41 B.B.Ganguly Street, Kolkata-700012. Phone No.033-40613030
E-mail : arsureka@gmail.com, neerajsureka@gmail.com

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under clause (I) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KANTI BIJLEE UTPADAN NIGAM LIMITED**, ("the Company") as at 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Muzaffarpur Office- 1st Floor, Shanti Market, Sutapatty, Muzaffarpur-842001. Phone No.0621-2266540
Kolkata Office- 6th Floor, Room No."H", 41 B.B.Ganguly Street, Kolkata-700012. Phone No.033-40613030
E-mail : arsureka@gmail.com, [illegible]eka@gmail.com

A.R.SUREKA & CO.

CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For A. R. Sureka & Co
Chartered Accountants
Firm Reg.No.000360C

Neeraj Sureka
(Neeraj Kumar Sureka)
Partner
M.No.056920

Place: New Delhi
Date: 20 May 2019

Muzaffarpur Office- 1st Floor, Shanti Market, Sutapatty, Muzaffarpur-842001. Phone No.0621-2266540
Kolkata Office- 6th Floor, Room No."H", 41 B.B.Ganguly Street, Kolkata-700012. Phone No.033-40613030
E-mail : arsureka@gmail.com, neerajsureka@gmail.com

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स्पीड पोस्ट
Speed Post

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा एवं पदेन् सदस्य, लेखा परीक्षा बोर्ड का कार्यालय, मेकन भवन, राँची - 834 002

OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD
MECON BUILDING, RANCHI-834 002

PH. - 2480343, 2480392, 2482212, 2482184
Fax No. - 0651-2480285

सं० मुख्यालय-I/वार्षिक लेखा/KBUNL/671/2018-19/130 दिनांक:28.06.2019

सेवा में,

अध्यक्ष
कॉटी बिजली उत्पादन निगम लिमिटेड
एन.टी.पी.सी. भवन, कोर-7, स्कोप कॉम्प्लेक्स
7, इस्टिट्यूसनल एरिया, लोधी रोड
नई दिल्ली-110003

विषय: 31 मार्च 2019 को समाप्त वर्ष के लिए कॉटी बिजली उत्पादन निगम लिमिटेड के वार्षिक वित्तीय विवरणी (Annual Financial Statements) पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

इस पत्र के साथ कॉटी बिजली उत्पादन निगम लिमिटेड के वर्ष 31 मार्च 2019 को समाप्त वार्षिक वित्तीय विवरणी (Annual Financial Statements) पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ संलग्न है।

इस पत्र की पावती की अभिस्वीकृति वांछित है।

भवदीय,

अनुलग्नक: यथोपरि

इन्दु अग्रवाल

(इन्दु अग्रवाल)
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
राँची

गोपनीय
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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KANTI BIJLEE UTPADAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2019

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

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Kanti Bijlee Utpadan Nigam Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6)(b) of the Act.

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

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

Place: Ranchi
Date: 28 June 2018

Kanti Bijlee Utpadan Nigam Limited

Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

BALANCE SHEET

₹ Lakhs

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,83,539.24	3,86,959.73
Capital work-in-progress	3	39,525.39	42,837.58
Intangible assets	4	16.15	4.72
Other non current assets	5	8,590.21	7,728.86
Total non-current assets		4,31,670.99	4,37,530.89
Current assets			
Inventory	6	9,719.63	5,072.99
Financial Assets			
Trade Receivables	7	38,391.29	19,903.59
Cash and cash equivalents	8	992.11	2,350.47
Bank balances other than cash and cash equivalents	9	1,857.03	-
Other financial assets	10	25,911.06	10,679.51
Other current assets	11	3,865.81	3,674.07
Total current assets		80,736.93	41,680.63
TOTAL ASSETS		5,12,407.92	4,79,211.52
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	1,51,067.37	1,43,567.37
Other equity	13	(15,425.41)	(25,299.26)
Total equity		1,35,641.96	1,18,268.11
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	2,20,302.24	2,42,492.73
Other financial liabilities	15	1,218.27	1,055.93
Provisions	16	34.96	-
Deferred tax liabilities (net)	17	-	-
Total non-current liabilities		2,21,555.47	2,43,548.66
Current liabilities			
Financial liabilities			
Borrowing	18	49,165.95	18,005.78
Trade payables	19		
Total outstanding dues of micro and small enterprises		483.08	568.19
Total outstanding dues of creditors other than micro and small enterprises		16,922.98	10,544.03
Other financial liabilities	20	59,925.55	61,579.01
Other current liabilities	21	355.21	343.08
Provisions	22	1,836.02	1,796.31
Current tax liabilities (net)	23	2,953.15	-
Total current liabilities		1,31,641.94	92,836.40
Deferred Revenue	24	23,568.55	24,558.36
TOTAL EQUITY AND LIABILITIES		5,12,407.92	4,79,211.52
Significant accounting policies	1		

The accompanying notes 1 to 45 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Ruchi Aggarwal

(Ruchi Aggarwal)	(A.K. Mittal)	(U. Banerjee)	(Sangeeta Bhatia)	(Prakash Tiwari)
Company Secretary	CFO	CEO	Director	Chairman

Place: New Delhi
Date: 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Sureka

Neeraj Kumar Sureka
Partner
Membership No.: 056920
Firm Reg. No.: 000360C
Place: New Delhi
Date: 20 May 2019

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

Kanti Bijlee Utpadan Nigam Limited

Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

STATEMENT OF PROFIT AND LOSS

₹ Lakhs

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue			
Revenue from operations	25	**1,60,526.24**	86,155.80
Other income	26	**515.23**	748.59
Total revenue		**1,61,041.47**	**86,904.39**
Expenses			
Fuel		**81,771.27**	49,432.14
Employee benefits expense	27	**7,825.97**	4,250.29
Finance costs	28	**24,979.76**	23,132.23
Depreciation and amortization expense	29	**23,125.90**	21,273.72
Other expenses	30	**10,645.54**	6,925.25
Total expenses		**1,48,348.45**	1,05,013.63
Profit before tax		**12,693.02**	**(18,109.24)**
Tax expense	42		
Current year			
Current tax		**2,819.17**	-
Total tax expense		**2,819.17**	-
Profit for the year		**9,873.85**	**(18,109.24)**
Other comprehensive income		-	-
Total comprehensive income for the year		**9,873.85**	**(18,109.24)**
Significant accounting policies	1		
Expenditure during construction period (net)	31		
Earnings per equity share (Par value ₹ 10/- each)	36		
From operations including regulatory deferral account balances			
Basic Earning Per Share (₹)		**0.68**	**(1.53)**
Diluted Earning Per Share (₹)		**0.67**	**(0.72)**

The accompanying notes 1 to 45 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Ruchi Aggarwal

(Ruchi Aggarwal)	(V.K. Mittal)	(U. Banerjee)	(Sangeeta Bhatia)	(Prakash Tiwari)
Company Secretary	CFO	CEO	Director	Chairman

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Sureka

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

Kanti Bijlee Utpadan Nigam Limited

Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

CASH FLOW STATEMENT

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash Flow From Operating Activities		
Profit before tax and regulatory deferral account balances	12,693.02	(18,109.24)
Adjustment for		
Depreciation/ Amortisation	23,125.90	21,273.72
Interest Cost	24,979.76	23,132.23
Grants adjusted as income	(4,054.80)	(4,012.00)
Operating Profit/ (loss) before working capital changes	56,743.88	22,284.71
Adjustment for -		
Inventory	(4,646.64)	(1,590.30)
Trade Receivable	(18,487.70)	(7,962.42)
Other Current Financial Asset	(15,231.55)	(8,023.88)
Other Current Asset	(191.74)	(955.13)
Trade payables	6,293.83	2,641.51
Other Current financial liabilities	2,450.12	2,792.33
Other current liabilities	12.13	(1,955.26)
Provisions	74.67	(5.17)
Government grant	3,065.00	
Cash generated from operations	30,082.00	7,226.38
Less: Income tax paid	7.99	29.72
Net cash inflowfrom operating activities [A]	30,074.02	7,196.67
B. Cash Flow From Investment Activities		
Purchase of fixed assets & CWIP	(28,490.23)	(15,521.64)
Net investment / (redemption) of bank deposits	(1,857.03)	-
Net cash outflow from investing activities [B]	(30,347.26)	(15,521.64)
C. Cash Flow From Financing Activities		
Proceeds from issue of shares	7,500.00	31,343.07
Proceeds from share Application Money	-	(23,343.07)
Net proceeds from non current borrowings	(14,907.49)	18,273.08
Net proceeds from current borrowings	31,160.17	6,107.64
Interest paid	(24,837.80)	(23,132.23)
Net cash inflow / (Outflow) from financing activities [C]	(1,085.12)	9,248.49
Net increase/(decrease) in cash and cash equivalents [A+B+C]	(1,358.36)	923.53
Cash and Cash equivalents at the beginning of the year	2,350.47	1,426.94
Cash and Cash equivalents at the end of the year	992.11	2,350.47

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A.R. SUREKA & Co. CHARTERED ACCOUNTANTS

(74/162)

Kanti Bijlee Utpadan Nigam Limited
Notes to statement of cash flows

a) Cash and cash equivalents consist of balances with banks and deposits with original maturity of upto three months.
b) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

₹ Lakhs

Particulars	Non-current borrowings	Current borrowings
For the year ended 31 March 2019		
Balance as at 1 April 2018	2,61,060.79	18,005.78
Loan drawals	11,767.87	31,160.17
Loan repayments	(26,675.36)	-
Interest accrued during the year	23,173.42	3,096.60
Interest payment during the year	(23,173.42)	(3,096.60)
Balance as at 31 March 2019	**2,46,153.30**	**49,165.95**
For the year ended 31 March 2018		
Balance as at 1 April 2017	2,42,787.71	11,898.13
Loan drawls	30,843.79	6,107.65
Loan repayments	(12,570.71)	-
Interest accrued during the year	24,499.98	1,624.98
Interest payment during the year	(24,499.98)	(1,624.98)
Balance as at 31 March 2018	**2,61,060.79**	**18,005.78**

For and on behalf of the Board of Directors

Ruchi Aggarwal

(Ruchi Aggarwal) Company Secretary
(V.K. Mittal) CFO
(U. Banerjee) CEO
(Sangeeta Bhatia) Director
(Prakash Tiwari) Chairman

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Sureka

Neeraj Kumar Sureka
Partner
Membership No. : 05692
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

Kanti Bijlee Utpadan Nigam Limited

Regd. Office: NTPC Bhawan, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

For the year ended 31 March 2019 ₹ Lakhs

Balance as at 1 April 2018	1,43,567.37
Changes in equity share capital during the year	7,500.00
Balance as at 31 March 2019	**1,51,067.37**

For the year ended 31 March 2018 ₹ Lakhs

Balance as at 1 April 2017	1,12,224.30
Changes in equity share capital during the year	31,343.07
Balance as at 31 March 2018	**1,43,567.37**

(B) Other Equity

For the year ended 31 March 2019 ₹ Lakhs

	Reserves & Surplus			Total
	Retained Earnings	Corporate Social Responsibility Reserve	Share Application Money Pending Allotment	
Balance as at 1 April 2018	(25,299.26)	-	-	(25,299.26)
Profit for the year	9,873.85	-	-	9,873.85
Less: Transfered to retained earning	-	-	-	-
Share Application Money received	-	-	7,500.00	7,500.00
Less: Shares alloted against share application money	-	-	7,500.00	7,500.00
Balance as at 31 March 2019	(15,425.41)	-	-	(15,425.41)

For the year ended 31 March 2018 ₹ Lakhs

	Reserves & Surplus			Total
	Retained Earnings	Corporate Social Responsibility Reserve	Share Application Money Pending Allotment	
Balance as at 1 April 2017	(7,200.89)	10.87	23,343.07	16,153.05
Loss for the year	(18,109.24)	-	-	(18,109.24)
Less: Transfered to retained earning	(10.87)	10.87	-	-
Share Application Money received	-	-	8,000.00	8,000.00
Less: Shares alloted against share application money	-	-	31,343.07	31,343.07
Balance as at 31 March 2018	(25,299.26)	-	-	(25,299.26)

For and on behalf of the Board of Directors

Ruchi Aggarwal

(Ruchi Aggarwal) Company Secretary

(V.K. Mittal) CFO

(U. Banerjee) CEO

(Sangeeta Bhatia) Director

(Prakash Tiwari) Chairman

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Sureka

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS

Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

1. Company Information and Significant Accounting Policies

A. Reporting entity

Kanti Bijlee Utpadan Nigam Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: U40102DL2006GOI153167). The address of the Company's registered office is NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi -110003. The Company is involved in the generation and sale of bulk power to State Power Utilities. During the year, subsequent to acquisition of entire share of Bihar State Power Generating Company Limited (BSPGCL) in equity by NTPC limited on 29 June 2018, the company has become a wholly owned subsidiary of NTPC Limited.

B. Basis of preparation

1. Statement of Compliance

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

These financial statements were authorized for issue by the Board of Directors on 20 May 2019.

2. Basis of measurement

The financial statements have been prepared on the historical cost basis.
Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. Functional and presentation currency

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

4. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.
An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

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- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

C. Significant accounting policies

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

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

1. Property, plant and equipment

1.1. Initial recognition and measurement

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

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

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

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

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

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

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

1.2. Subsequent costs

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

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

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

1.3. Decommissioning costs

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.4. De-recognition

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

1.5. Depreciation/amortization

Depreciation is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation on the assets of the generation of electricity business is charged on straight-line method following the rates and methodology notified by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

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

a) Kutcha roads	2 years
b) Enabling works	
- residential buildings	15 years
- internal electrification of residential buildings	10 years
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 years
c) Personal computers & laptops including peripherals	3 years
d) Photocopiers, fax machines, water coolers and refrigerators	5 years
e) Temporary erections including wooden structures	1 year
f) Telephone exchange	15 years
g) Wireless systems, VSAT equipments, display devices viz. projectors, screens, CCTV, audio video conferencing systems and other communication equipments	6 years

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

Leasehold land relating to generation of electricity business are fully amortized over lease period or life of the related plant whichever is lower following the rates and methodology notified by the CERC Tariff Regulations.

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

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

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

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

The residual values, useful lives and method of depreciation of assets other than the assets of generation of electricity business are reviewed at each financial year end and adjusted prospectively, wherever required.

2. Capital work-in-progress

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

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

Deposit works/cost plus contracts are accounted for on the basis of statements of account received from the contractors.

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

3. Intangible assets

3.1. Initial recognition and measurement

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

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

3.2. Subsequent costs:

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

3.3. De-recognition

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

3.4. Amortization

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

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

4. Regulatory deferral account balances

Expense/income recognized in the statement of profit and loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as 'Regulatory deferral account balances'.

Regulatory deferral account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

Regulatory deferral account balances are evaluated at each balance sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the regulatory deferral account balances are derecognized.

5. Borrowing costs

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments'.

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction or erection of the qualifying asset.

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

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

Other borrowing costs are recognized as an expense in the year in which they are incurred.

6. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The diminution in the value of obsolete, unserviceable, surplus and non-moving items of

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and spares is ascertained on review and provided for.

Steel scrap is valued at estimated realizable value.

7. **Cash and cash equivalents**

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

8. **Government grants**

Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and deducted from the related expenses.

9. **Provisions, contingent liabilities and contingent assets**

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

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

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

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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

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10. Foreign currency transactions and translation

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arises with the exception that exchange differences on long term monetary items related to acquisition of property, plant and equipment recognized up to 31 March 2016 are adjusted to the carrying cost of property, plant and equipment.

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

11. Revenue

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

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

11.1. Revenue from sale of energy

The Company's operations in India are regulated under the Electricity Act, 2003. Accordingly, the CERC determines the tariff for the Company's power plants based on the norms prescribed in the tariff regulations as applicable from time to time. Tariff is based on the capital cost incurred for a specific power plant and primarily comprises two components: capacity charge i.e. a fixed charge, that includes depreciation, return on equity, interest on working capital, operating & maintenance expenses, interest on loan and energy charge i.e. a variable charge primarily based on fuel costs.

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

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

Revenue from sale of energy is accounted for based on tariff rates approved by the CERC (except items indicated as provisional) as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In case the tariff rates are yet to be approved/items indicated provisional by the CERC in their orders, provisional rates are adopted considering the applicable CERC Tariff Regulations. Revenue from sale of energy is recognized once the electricity has been delivered to the beneficiary and is measured through a regular review of usage meters. Beneficiaries are billed on a periodic and regular basis. As at each reporting date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue.

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

11.2. Other income

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

Scrap other than steel scrap is accounted for as and when sold.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

For debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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

Interest/surcharge recoverable on advances to suppliers as well as warranty claims wherever there is uncertainty of realization/acceptance are not treated as accrued and are therefore, accounted for on receipt/acceptance.

12. Employee benefits

12.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due after more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

In respect of employees from parent company NTPC Limited- Employees benefits includes provident fund, pension, gratuity, post retirement medical facilities, compensated absences, long service award, economic rehabilitation scheme & other terminal benefits. In terms of the arrangement with the parent company, the company is to make a fixed contribution of the aggregate of basic pay and dearness allowance for the period of service rendered in the company. Accordingly theses employee benefits are treated as defined contribution scheme.

The Company pays a defined contribution for provident fund for employees on it's roll to the fund administered and managed by Government of India. Both the employee and the Company make monthly contribution equal to a specified percentage of the employee's salary. The contributions to the fund for the year are recognized as an expense and charged to the statement of profit and loss.

In respect of employees on the roll of the company, expenditure in relation to gratuity and leave encashment was provided on actual basis up to 31 March 2018. With effect from 1 April 2018, the Company is recognizing such expense on the basis of actuarial valuation.

12.2. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards gratuity for the employees on its roll is in the nature of defined benefit plan.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. Any actuarial gains or losses are recognized in OCI in the period in which they arise.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in statement of profit and loss.

12.3. Other long-term employee benefits

Benefits under the Company's leave encashment scheme for the employees on its roll constitute other long term employee benefits.

The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

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

12.4. Short-term benefits

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

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

13. Other expenses

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

Transit and handling losses of coal as per Company's norms are included in cost of coal.

14. Income tax

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

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

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

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

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

15. Leases

As lessee

Accounting for finance leases

Leases of property, plant and equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting for operating leases

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

16. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 - 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

17. Operating segments

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. In the opinion of the management, there is only one reportable segment ("Generation of Energy").

18. Material prior period errors

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

19. Earnings per share

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

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

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Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

20. Statement of cash flows

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

21. Financial instruments

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

21.1. Financial assets

Initial recognition and measurement

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

Subsequent measurement

Debt instruments at amortized cost

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

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

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

Debt instrument at FVTOCI (Fair value through OCI)

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
(b) The asset's contractual cash flows represent SPPI

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

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

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

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

De-recognition

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

- The rights to receive cash flows from the asset have expired, or

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

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

Impairment of financial assets

In accordance with IndAS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
(b) Trade receivables under IndAS 115.

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

21.2. Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities at amortized cost

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

Financial liabilities at fair value through profit or loss

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

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

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

De-recognition

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

D. Use of estimates and management judgments

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

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

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

1. Formulation of accounting policies

The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

2. Useful life of property, plant and equipment and intangible assets

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

Useful life of the assets of the generation of electricity business is determined by the CERC Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

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

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

4. Post-employment benefit plans

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

5. Revenues

The Company records revenue from sale of energy based on tariff rates approved by the CERC as modified by the orders of Appellate Tribunal for Electricity, as per principles enunciated under Ind AS 115. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

6. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 - 'Non-current assets held for sale and discontinued operations'. In assessing the

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

7. Regulatory deferral account balances

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

8. Provisions and contingencies

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

9. Impairment test of non-financial assets

The recoverable amount of investment in joint ventures companies is based on estimates and assumptions regarding in particular the future cash flows associated with the operations of the investee Company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

10. Income taxes

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

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Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

2 Property, plant and equipment (PPE)

As at 31 March 2019

₹ Lakhs

Particulars	Gross Block				Depreciation/Amortisation and Impairment				Net Block
	As at 1 April 2018	Additions	Deductions/ (Adjustments)	As at 31 March 2019	Upto 1 April 2018	For the year	Deductions/ (Adjustments)	Upto 31 March 2019	As at 31 March 2019
Land :									
(including development expenses)									
Freehold	17,175.32	13.80	-	17,189.12	-	-	-	-	17,189.12
Leasehold	6,994.13	4,641.62	-	11,635.75	239.74	221.48	-	461.22	11,174.53
Roads, bridges, culverts & helipads	2,706.45	-	-	2,706.45	105.29	91.14	-	196.43	2,510.02
Building :									
Main plant	29,518.47	-	-	29,518.47	1,141.93	1,031.88	-	2,173.81	27,344.66
Others	2,257.13	-	-	2,257.13	515.96	186.14	-	702.10	1,555.03
Temporary erection	345.59	-	-	345.59	74.88	69.12	-	144.00	201.59
Water Supply, drainage & sewerage system	30.92	-	-	30.92	3.21	1.07	-	4.28	26.64
MGR track and signalling system	6,425.80	-	(10.41)	6,436.21	265.60	406.08	-	671.68	5,764.53
Plant and equipment (including associated civil works)	3,52,589.37	8,361.63	(6,580.49)	3,67,531.49	30,974.77	21,161.61	-	52,136.38	3,15,395.11
Furniture and fixtures	228.99	186.85	-	415.84	51.28	37.25	-	88.53	327.31
Vehicles Owned	1.34	-	-	1.34	0.44	0.14	-	0.58	0.76
Office equipment	166.57	3.21	-	169.78	51.00	17.12	-	68.12	101.66
EDP, WP machines and satcom equip.	183.42	214.57	-	397.99	66.82	60.82	-	127.64	270.35
Construction equipments	591.94	-	-	591.94	153.03	60.16	-	213.19	378.75
Electrical Installations	1,538.34	-	(1.21)	1,539.55	159.27	88.86	-	248.13	1,291.42
Communication Equipments	7.76	-	-	7.76	2.95	1.13	-	4.08	3.68
Hospital Equipments	4.78	-	-	4.78	0.42	0.28	-	0.70	4.08
Total	4,20,766.32	13,421.68	(6,592.11)	4,40,780.11	33,806.59	23,434.28	-	57,240.87	3,83,539.24

As at 31 March 2018

₹ Lakhs

Particulars	Gross Block				Depreciation/Amortisation and Impairment				Net Block
	As at 1 April 2017	Additions	Deductions/ (Adjustments)	As at 31 March 2018	Upto 1 April 2017	For the year	Deductions/ (Adjustments)	Upto 31 March 2018	As at 31 March 2018
Land :									
(including development expenses)									
Freehold	17,132.25	43.07	-	17,175.32	-	-	-	-	17,175.32
Leasehold	6,968.21	-	(25.92)	6,994.13	18.39	221.35	-	239.74	6,754.39
Roads, bridges, culverts & helipads	2,672.96	-	(33.49)	2,706.45	14.34	90.95	-	105.29	2,601.16
Building :									
Main plant	17,541.72	11,976.75	-	29,518.47	176.70	965.22	-	1,141.93	28,376.54
Others	2,184.71	72.42	-	2,257.13	330.23	185.73	-	515.96	1,741.17
Temporary erection	345.59	-	-	345.59	5.76	69.12	-	74.88	270.71
Water Supply, drainage & sewerage system	30.92	-	-	30.92	2.14	1.07	-	3.21	27.71
MGR track and signalling system	6,425.80	-	-	6,425.80	185.36	80.24	-	265.60	6,160.20
Plant and equipment (including associated civil works)	2,23,329.03	1,28,577.24	(683.10)	3,52,589.37	11,127.05	19,847.71	-	30,974.77	3,21,614.60
Furniture and fixtures	191.82	37.17	-	228.99	33.17	18.11	-	51.28	177.71
Vehicles Owned	1.34	-	-	1.34	0.29	0.15	-	0.44	0.90
Office equipment	130.52	36.05	-	166.57	33.89	17.11	-	51.00	115.57
EDP, WP machines and satcom equip.	181.99	1.98	0.55	183.42	25.99	41.35	0.52	66.82	116.60
Construction equipments	456.13	135.81	-	591.94	98.24	54.79	-	153.03	438.91
Electrical Installations	1,446.28	-	(92.06)	1,538.34	71.73	87.54	-	159.27	1,379.07
Communication Equipments	7.60	0.16	-	7.76	1.85	1.10	-	2.95	4.81
Hospital Equipments	1.37	3.41	-	4.78	0.18	0.24	-	0.42	[illegible]
Total	2,79,048.24	1,40,884.06	(834.02)	4,20,766.32	12,125.31	21,681.78	0.52	33,806.59	[illegible]

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Notes to the financial statements

a) The conveyancing of the title of 22.81 acres of freehold land (31 March 2018: 22.81 acres) in possession of the company of value ₹ 1183.45 Lakhs (31 March 2018: ₹ 1,183.45 Lakhs) and 1.24 acres of leasehold land (31 March 2018: Nil acres) in possession of the company of value ₹ [illegible] Lakhs (31 March 2018: ₹ Nil), in favour of the Company are awaiting completion of legal formalities.

b) Spare parts of ₹ 5 lakh and above, stand-by equipments and servicing equipments which meet the definition of property, plant and equipment are capitalized.

c) Refer note 14 for information on property, plant and equipment pledged as security by the company.

d) Estimated amount of contracts remaining to be executed on capital works account and not provided for as at 31 March 2019 is ₹ 64,576.88 Lakhs (31 March 2018: ₹ 53,625.02 Lakhs)

e) The Company capitalised the borrowing costs in the capital work-in-progress (CWIP)/PPE. Asset-wise details of borrowing costs included in the cost of major heads of CWIP/PPE through 'Addition' or 'Deductions/ Adjustments' column are given below:

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Building:		
Main Plant	-	428.35
Others	-	6.17
MGR Track and Signalling system	15.84	14.19
Plant and equipment	1,434.10	3,548.12
Others	-	0.43
Total	1,449.94	3,997.26

f) Deduction/adjustments from gross block and depreciation, amortization and impairment for the year includes:

₹ Lakhs

Particulars	Gross block For the year ended		Depreciation and amortization For the year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Disposal of assets	-	0.55	-	0.52
Assets capitalized with retrospective effect/Write back of excess capitalization	(6,592.11)	(834.57)	-	-
Total	(6,592.11)	(834.02)	-	0.52

g) Lease hold land is on perpetual lease basis

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Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

3 Capital work-in-progress

As at 31 March 2019

₹ Lakhs

Particulars	As at 1 April 2018	Additions	Deductions/ (Adjustments)	Capitalised	As at 31 March 2019
Development of land	-	84.32	-	-	84.32
Buildings					
Main plant	400.78	773.43	1,174.21	-	-
Others	280.57	84.69	13.08	-	352.18
Temporary erection	3.95	1.59	-	-	5.54
MGR track and signalling system	292.80	25.72	-	10.41	308.11
Earth dam reservoir	20.23	1,269.15	-	-	1,289.38
Plant and equipment	32,886.58	8,987.00	(1,186.08)	14,085.84	28,973.82
Construction equipments	13.14	-	-	-	13.14
Electrical installations	52.61	6.90	(1.21)	1.21	59.51
	33,950.66	11,232.80	0.00	14,097.46	31,086.00
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	608.71	(399.32)	-	-	209.39
Expenditure during construction period (net)*	-	1,323.43	-	-	-
Less: Allocated to related works	-	1,323.43	-	-	
	34,559.37	10,833.48	0.00	14,097.46	31,295.39
Construction stores	8,278.21	(48.21)			8,230.00
Total	42,837.58	10,785.27	0.00	14,097.46	39,525.39

* Brought from expenditure during construction period (net) - Note 31

Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

As at 31 March 2018

₹ Lakhs

Particulars	As at 1 April 2017	Additions	Deductions/ (Adjustments)	Capitalised	As at 31 March 2018
Development of land	25.45	0.47	-	25.92	-
Roads, bridges, culverts & helipads	32.87	0.62	-	33.49	-
Buildings					
Main plant	22,847.93	1,036.67	11,507.07	11,976.75	400.78
Others	308.10	44.88	-	72.41	280.57
Temporary erection	79.54	5.44	81.03	-	3.95
MGR track and signalling system	110.61	182.19	-	-	292.80
Earth dam reservoir	20.23	-	-	-	20.23
Plant and equipment	1,29,581.79	18,858.72	(12,723.94)	1,28,277.87	32,886.58
Construction equipments	12.90	0.24	-	-	13.14
Electrical installations	815.38	34.42	705.13	92.06	52.61
	1,53,834.80	20,163.65	(430.71)	1,40,478.50	33,950.66
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	330.32	278.39	-	-	608.71
Precommissiong Expenses (net)	-	1,119.07	1,119.07	-	-
Expenditure during construction period (net)*	-	6,497.96	-	-	-
Less: Allocated to related works	-	6,497.96	-	-	-
	1,54,165.12	21,561.11	688.36	1,40,478.50	34,559.37
Construction stores	13,755.92	-	5,477.71	-	8,278.21
Total	1,67,921.04	21,561.11	6,166.07	1,40,478.50	42,837.58

* Brought from expenditure during construction period (net) - Note 31

a) Construction stores are net of provision for shortages pending investigation amounting to ₹ 54.82 Lakhs (31 March 2018: ₹ 54.82 Lakhs).
b) Details of borrowing costs capitalized are disclosed in note 2(e).

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4 **Intangible assets**

As at 31 March 2019

₹ Lakhs

Particulars	Gross Block				Amortisation				Net Block
	As at 1 April 2018	Additions	Deductions/ (Adjustments)	As at 31 March 2019	Upto 1 April 2018	For the Year	Deductions/ (Adjustments)	Upto 31 March 2019	As at 31 March 2019
Software	11.20	15.70	-	26.90	6.47	4.28	-	10.75	16.15
Total	11.20	15.70	-	26.90	6.47	4.28	-	10.75	16.15

As at 31 March 2018

₹ Lakhs

Particulars	Gross Block				Amortisation				Net Block
	As at 1 April 2017	Additions	Deductions/ (Adjustments)	As at 31 March 2018	Upto 1 April 2017	For the Year	Deductions/ (Adjustments)	Upto 31 March 2018	As at 31 March 2018
Software	5.98	5.22	-	11.20	4.38	2.09	-	6.47	4.72
Total	5.98	5.22	-	11.20	4.38	2.09	-	6.47	4.72

Depreciation/amortisation of PPE and intangible assets for the year is allocated as given below:

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Charged to Statement of Profit & Loss	23,125.90	21,273.72
Transferred to expenditure during construction period (net) - Note 31	-	0.08
Allocated to fuel cost	312.66	410.07
Total	23,438.56	21,683.87

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Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

5 Other non current assets

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances		
Unsecured		
Covered by bank guarantee	3,342.28	3,253.43
Others	4,799.54	4,027.03
	8,141.82	7,280.46
Advances other than capital advances		
Security deposits	84.63	84.63
Advance tax & tax deducted at source	363.76	363.76
Total	8,590.21	7,728.86

a) Advance tax includes income tax deposited under protest of ₹100.00 Lakhs (31 March 2018: ₹ 100.00 Lakhs).

6 Inventories

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Coal	5,685.59	1,775.01
Fuel Oil	350.47	455.71
Components and Spares	2,754.79	2,272.68
Chemicals & consumables	258.50	145.99
Steel scrap	81.07	118.39
Loose tools	4.26	6.18
Others (refer note c below)	727.34	390.42
	9,862.02	5,164.38
Less: Provision for shortages	93.00	42.37
Less: Provision for obsolete/unserviceable items/diminution in value of surplus inventory	49.39	49.02
Total	9,719.63	5,072.99

a) Inventories include material-in-transit

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Coal	122.06	191.70
Component & spares	28.87	26.87
Others	5.32	1.63
Total	156.25	220.20

b) Inventory items, other than steel scrap, have been valued as per accounting policy no. C.6 (note 1). Steel scrap has been valued at estimated realisable value.

c) Inventories-Others includes steel, cement, electrical consumables etc.

d) Refer Note 14 and 18 for inventories pledged as security by the company.

e) Inventory recognised as expense during the year:

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Fuel	81,771.27	49,432.14
Stores consumed (other expenses)	348.88	234.69
Total	82,120.15	49,666.83

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Notes to the financial statements

7 Trade receivables

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Trade Receivables (Unsecured, considered good)	38,391.29	19,903.59
Total	38,391.29	19,903.59

a) Refer Note 14 and 18 for trade receivables pledged as security by the company.

8 Cash and cash equivalents

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
Current accounts	909.11	162.12
Deposits with original maturity upto three months (including interest accrued)	83.00	2,188.35
Total	992.11	2,350.47

9 Bank balances other than cash and cash equivalents

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits with original maturity of more than three months and maturing within one year (including interest accrued)	1,570.41	-
Margin money against letter of credit (including interest accrued)	286.62	-
Total	1,857.03	-

a) Deposits with original maturity of more than three months and maturing within one year include ₹ 1,570.41 Lakh (31 March 2018: ₹ Nil) which has been kept in corporate liquid term deposits with bank. These deposits represents unutilized balance of equity contribution by parent company NTPC Limited to partly finance the capital expenditure of ongoing capital works in MTPS stage I.

10 Other financial assets

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Unbilled revenue (Unsecured, considered good)	25,213.80	10,679.51
Others	697.26	-
Total	25,911.06	10,679.51

a) Unbilled revenue of ₹ 25,213.80 Lakhs (31 March 2018: ₹ 10,679.51 Lakhs) have been billed to the beneficiaries after 31 March for energy sales.

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Kanti Bijlee Utpadan Nigam Limited
Notes to the financial statements

11 Other current assets

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured Advances		
Employees	0.33	2.54
Contractors & suppliers	2,513.59	2,468.51
Prepaid insurance	250.64	199.77
Claims recoverable		
Unsecured, considered good	263.91	294.69
Deposits with Government Authorities	836.51	708.08
Assets held for disposal	0.48	0.48
Others	0.35	-
Total	**3,865.81**	3,674.07

a) Deposits with Government Authorities includes an amount of ₹ 708.08 Lakhs (31 March 2018: ₹ 708.08 Lakhs) deposited under protest to Commercial Taxes Authorities against demand for Entry Tax.

12 Share capital

₹ Lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Equity share capital				
Authorised				
Equity shares of par value ₹10/- each	2,00,00,00,000	2,00,000.00	2,00,00,00,000	2,00,000.00
Issued, subscribed and fully paid up				
Equity shares of par value ₹10/- each	1,51,06,73,705	1,51,067.37	1,43,56,73,705	1,43,567.37

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

₹ Lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Opening number of shares	1,43,56,73,705	1,43,567.37	1,12,22,43,040	1,12,224.30
Shares issued during the year	7,50,00,000	7,500.00	31,34,30,665	31,343.07
Closing number of shares	1,51,06,73,705	1,51,067.37	1,43,56,73,705	1,43,567.37

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

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	%age holding	No. of shares	%age holding
NTPC Ltd. (including nominees)	1,51,06,73,705	100.00	1,04,28,88,641	72.64
Bihar State Power Genration Co. Ltd	-	-	39,27,85,064	27.36

During the year, subsequent to acquisition of entire share of Bihar State Power Generating Power Company Limited (BSPGCL) in equity by NTPC limited on 29 June 2018, the company has become a wholly owned subsidiary of NTPC Limited.

13 Other equity

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Retained earnings	(15,425.41)	(25,299.26)
Total	(15,425.41)	(25,299.26)

a) **Share application money pending allotment**

₹ Lakhs

Reconciliation	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	-	23,343.07
Add: Share application money received during the year	7,500.00	8,000.00
Less: Shares issued against share application money	7,500.00	31,343.07
Closing balance	-	-

b) **Corporate social responsibility (CSR) reserve**

₹ Lakhs

Reconciliation	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	-	10.87
Less: Transfer to Retained earnings	-	10.87
Closing balance	-	-

In terms of section 135 of Companies Act, 2013 read with guidelines on corporate social responsibility (CSR) issued by Department of Public Enterprises (DPE), GoI, every Company is required to spend, in every financial year, at least two percent of the average net profits of the company made during the three immedialtely preceeding financial years in accordance with its CSR policy. The Company was not required to spend any amount on account of CSR as per the said provision. The Company has spent an amount of ₹ 509.40 Lakhs (voluntarily) (31 March 2018: ₹ 10.87 Lakhs) during the year.

c) **Retained earnings**

₹ Lakhs

Reconciliation	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	(25,299.26)	(7,200.89)
Add: Profit/(Loss) for the year from Statement of Profit and Loss	9,873.85	(18,109.24)
Add: Transfer from CSR Reserve	-	10.87
Closing balance	(15,425.41)	(25,299.26)

14 Non-current borrowings

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Term loans		
From Banks		
Secured		
Rupee term loan	1,75,604.38	1,87,085.24
From Others		
Secured		
Rupee term loan	53,498.92	53,875.55
Unsecured		
Rupee term loan	17,050.00	20,100.00
	2,46,153.30	2,61,060.79
Less: Current maturities of term loan		
From Banks		
Secured rupee term loan	16,960.44	16,327.44
From Others		
Secured rupee term loan	2,840.62	2,240.62
Unsecured rupee term loan	6,050.00	-
	25,851.06	18,568.06
Total	2,20,302.24	2,42,492.73

a) **Secured term loans**

i) Loan from consortium led by State Bank of India for expansion project (2*195MW) at Kanti is secured by a first priority charge on all immovable properties, movable properties, both present & future, pertaining to project, including land measuring 975.05 acres and second charge on all inventories and receivables of the company. The security will rank pari-passu with all term lenders of the project. The charge has been created in favor of Security trustee i.e. SBI Cap Trustee Co. Ltd. Legal mortgage of land in favor of security trustee has been executed for 877.18 acres (out of 975.05 acres) of land.

ii) Total sanctioned amount of loan and guarantee facility is ₹ 3,01,975.00 lakhs and ₹ 10,000.00 lakhs respectively. Repayment period of the loan is 11 years and repayment has started from 30 September 2017 on quarterly basis.

iii) The loan bears floating rate of interest linked to Base Rate of respective lenders subject to minimum interest rate of SBI one year MCLR plus 40 basis points.

iv) In first phase the charge with Registrar of Companies (ROC) was filed on 27 September 2011 for 594.84 Acres of Land and ROC issued certificate of Registration of Mortgage on 28 September 2011. In second phase 282.34 Acres of land was mortgaged on 7 November 2014. ROC issued certificate of Registration of Mortgage on 5 December 2014, certifying that the Mortgage/charge has been registered for ₹ 244,128.00 Lakhs in their office in accordance with the provisions contained in section 125 to 130 of the Companies Act, 1956.

b) **Unsecured term loans**

i) The Company has taken an unsecured term loan of ₹ 12,100.00 lakhs from parent company NTPC Limited during the financial year 2016-17 bearing fixed interest rate of 10% per annum payable quaterly. The term loan was repayable in two equal half yearly installments on 30 June 2019 and 31 December 2019. First installment of the term loan was paid on 20 December 2018 before scheduled date.

ii) A term loan of ₹ 19,300.00 lakhs has been sanctioned by the parent company NTPC Limited during the financial year 2017-18 bearing fixed interest rate of 10% per annum payable quaterly. The Company has drawn ₹ 8,000.00 lakhs during the financial year 2017-18 and ₹ 3,000.00 lakhs during the financial year 2018-19. The term loan is repayable in six equal half yearly installments starting from 30 September 2020.

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

15 Other financial liabilities

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Other liabilities		
Payable for capital expenditure	1,218.27	1,055.93
Total	1,218.27	1,055.93

a) Payable for capital expenditure represents liability towards equipment suppliers and erection vendors pending evaluation of performance and guarantee test results.

16 Non-current provisions

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Leave encashment	18.28	-
Gratuity	16.68	-
Total	**34.96**	-

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

17 Deferred tax liabilities (net)

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liability		
Difference in book depreciation and tax depreciation	39,925.87	-
Less: Deferred tax asset		
Unabsorbed depreciation	39,778.80	-
Provisions	147.07	-
Total	-	-

a) Disclosures required by Ind AS 12 'Income Taxes' is made in note 42.
b) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing laws.

18 Current borrowings

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Secured loans repayable on demand		
From Banks	49,165.95	18,005.78
Total	**49,165.95**	**18,005.78**

a) The loan is secured by hypothecation of trade receivables and inventories of the company.
b) The loan is secured by second charges on all immovable properties, movable properties, both present & future, pertaining to project, including land measuring 975.05 acres.
c) The loan bears a floating rate of interest linked to one month MCLR of Canara bank (31 March 2018: SBI MCLR-Y plus 40 basis point).
d) There has been no default in repayment of any of the loans or interest thereon during the year.

19 Trade payables

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
For goods and services		
Total outstanding dues of micro and small enterprises	483.08	568.19
Total outstanding dues of creditors other than micro and small enterprises	16,922.98	10,544.03
Total	**17,406.06**	**11,112.22**

a) Refer note no. 35 for amounts due to related parties.
b) Information in respect of micro and small enterprises is disclosed in note 37.

20 Other financial liabilities

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of term loan		
From Banks		
Secured rupee term loan	16,960.44	16,327.44
From Others		
Secured rupee term loan	2,840.62	2,240.62
Unsecured rupee term loan	6,050.00	-
Payable for capital expenditure	20,712.87	32,113.78
Other payables		
Deposits from contractors and others	84.28	69.95
Parent company	9,098.99	7,760.69
Payable to employees	1,208.11	368.25
Others	2,970.24	2,698.28
Total	59,925.55	61,579.01

a) Details in respect of rate of interest and terms of repayment of current maturities of secured and unsecured long term borrowings indicated above are disclosed in note 14.

b) The pay revision of the employees of the Company and employees on secondment basis from NTPC Limited was due with effect from 1 January 2017. A provision towards pay revision on an estimated basis having regard to the recommendations of the 3rd Pay Revision Committee was created in earlier years. During the year ended 31 March 2019, the Presidential directives for revision of the structure of pay scales and allowances/benefits of various categories of Central Public Sector Enterprises have been issued. Accordingly, the Company has paid the amount towards pay revision of employees on secondment from NTPC Limited. The pay revision of Company's own employess is pending. Hence, provision amounting to ₹ 22.35 Lakhs (31 March 2018: ₹ 11.94 Lakhs out of total provision of ₹ 677.46 Lakhs) has been made towards pay revision on an estimated basis.

c) Other payables - others includes balance payable to BSPGCL/ Discoms, etc.

21 Other current liabilities

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Tax deducted at source and other statutory dues	277.52	177.30
Advance from Customers	77.69	165.78
Total	355.21	343.08

22 Short-term provisions

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits		
Leave encashment	6.21	-
Gratuity	5.63	-
Other provisions		
Provisions for obligations incidental to land acquisition	1,647.34	1,769.37
Shortages in property, plant and equipment pending investigation	176.84	26.94
Total	1,836.02	1,796.31

a) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

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b) **Provision for obligations incidental to land acquisition** includes expenditure on rehabilitation & resettlement (R&R) including the amounts payable to the project affected persons (PAPs) towards expenditure for providing community facilities and expenditure in connection with environmental aspects of the project. Company has estimated the provision based on the Rehabilitation Action Plan (RAP) approved by the board/competent authority. The outflow of said provision is expected to be incurred immediately on fulfilment of conditions.

Movements in provisions for obligations incidental to land acquisitions ₹ Lakhs

Reconciliation	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Carrying amount at the beginning of the year	**1,769.37**	1,799.75
Add: Additions during the year	-	-
Less: Amounts used during the year	**122.03**	30.37
Carrying amount at the end of the year	**1,647.34**	1,769.37

c) **Movement in provisions for shortages in property, plant and equipment pending investigations** ₹ Lakhs

Reconciliation	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Carrying amount at the beginning of the year	**26.94**	1.74
Add: Additions during the year	**149.90**	25.78
Less: Amounts used during the year	-	0.58
Carrying amount at the end of the year	**176.84**	26.94

d) The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

23 Current tax liabilities

₹ Lakhs

Particulars	**As at 31 March 2019**	As at 31 March 2018
Provision for income tax	**2,961.14**	-
Less: Tax deducted at source	**7.99**	-
Total	**2,953.15**	-

24 Deferred revenue

₹ Lakhs

Particulars	**As at 31 March 2019**	As at 31 March 2018
On account of government grants	**23,568.55**	24,558.36
Total	**23,568.55**	24,558.36

a) Government grants represents amount received from Government of India through Government of Bihar under Rashtriya Sam Vikas Yojna (RSVY) for renovation and modernisation of stage I (2*110 MW).

b) There are no unfulfilled conditions or other contingencies attached to above grant.

Movements in government grants: ₹ Lakhs

Particulars	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Carrying amount at the beginning of the year	**24,558.36**	28,570.35
Add: Additional grant received during the year	**3,065.00**	-
Less: Grant recognised as income during the year	**4,054.80**	4,012.00
Carrying amount at the end of the year	**23,568.55**	24,558.36

25 Revenue from operations

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Energy sales	1,56,357.67	82,012.36
Energy internally consumed	113.77	131.44
Other operating revenues		
Recognized from deferred revenue - government grant	4,054.80	4,012.00
Total	1,60,526.24	86,155.80

a) Energy sales for the year ended 31 March 2018 amounting to ₹ 51,902.02 Lakhs were accounted for on provisional basis for MTPS Stage-II (2*195MW) as under :-

i) Fixed Charges @ 85% of amount claimed in Tariff Petition.

ii) Variable Charges based on 210 MW size units since no comparative units of 195MW were operational.

The CERC has issued Tariff Order for MTPS Stage-II (2*195 MW) on 29 April 2019 for the period up to 31 March 2019. Accordingly, the energy sales include sales of ₹ 30.25 Lakhs and ₹ 594.95 Lakhs (31 March 2018: ₹ Nil) as differencial for the Financial Year 2016-17 and 2017-18 respectively based on Tariff Order.

b) The CERC has issued final tariff order for the period (1 November 2013 to 31 March 2014) for Unit 1 of MTPS Stage-I(2*110MW) on 9 February 2016. Sales for the financial year 2018-19 has been provisionaly accounted for both units of Stage-I (Unit 1 and Unit 2) based on the CERC order dated 9 February 2016. Sales have been provisionally recognized at ₹ 31,666.05 Lakhs (31 March 2018: ₹ 30,110.34 Lakhs) on the said basis.

c) Revenue from operations include ₹ 113.77 lakhs (31 March 2018: ₹ 131.44 lakhs) towards energy internally consumed, valued at variable cost of generation and the corresponding amount is included in power charges (note-30).

d) Refer note 43 for detailed disclosure in respect of revenue from contract with customers.

26 Other income

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest from		
Advance to contractors	126.51	288.06
Deposits with banks	0.28	111.48
Other non-operating income		
Surcharge income from beneficiaries	-	405.94
Sale of scrap	94.55	134.75
Provision written back	-	54.78
Miscellaneous income	420.40	34.11
	641.73	1,029.12
Less: Transferred to expenditure during construction period (net)- Note 31	126.51	280.53
Total	515.23	748.59

a) In line with accounting policy No C.11.2 (note 1), the surcharge income recoverable from the beneficiaries has been accounted as ₹Nil (31 March 2018 : ₹ 405.94 Lakhs).

b) Miscellaneous income includes liabilities written back, rent recoveries from employees/others, insurance claim receipts etc.

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27 Employee benefits expense

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	6,217.65	4,252.83
Contribution to provident and other funds	1,260.64	900.91
Staff welfare expenses	672.96	302.71
	8,151.25	5,456.45
Less: Allocated to fuel cost	325.28	229.43
Less: Transferred to expenditure during construction period (net)- Note 31	-	976.73
Total	7,825.97	4,250.29

a) In accordance with the Accounting Policy no. C.12 (note-1). an amount of ₹ 938.50 Lakhs (31 March 2018: ₹ 704.25 Lakhs) towards provident fund, pension, gratutity, post retirement medical facilities & other terminal benefits and ₹ 492.17 lakhs (31 March 2018: ₹ 197.45 Lakhs) towards leave & other benefits, are paid /payable to the parent company NTPC Limited and included in 'Employee Benefits'.

b) Disclosures required by Ind AS 19 'Employee Benefits' is made in note 34.

28 Finance costs

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finance charges on financial liabilities measured at amortised cost		
Rupee term loans	21,080.96	23,285.60
Cash credit	3,096.60	1,624.98
Loan from parent company	2,092.45	1,214.38
Unwinding of discount on vendor liabilities	0.38	690.69
Others	17.34	-
	26,287.73	26,815.65
Other borrowing costs- upfront fee	-	313.84
Interest under Income Tax Act	141.97	-
	26,429.70	27,129.49
Less: Transferred to expenditure during construction period (net)- Note 31	1,449.94	3,997.26
Total	24,979.76	23,132.23

29 Depreciation and amortization expense

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
On property, plant and equipment- Note 2	23,434.28	21,681.78
On intangible assets- Note 4	4.28	2.09
	23,438.56	21,683.87
Less:		
Less: Transferred to expenditure during construction period (net)- Note 31	-	0.08
Allocated to fuel cost	312.66	410.07
Total	23,125.90	21,273.72

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30 Other expenses

₹ Lakhs

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
Power charges	113.77		1,637.86
Less: Recovered from contractors & employees	5.68		4.05
		108.09	1,633.81
Stores consumed		348.88	234.69
Rent		-	2.58
Repairs & maintenance			
Buildings		274.42	410.53
Machinery		4,501.83	2,430.12
Others		259.35	339.02
Load dispatch center charges		27.02	-
Insurance		909.91	896.49
Rates and taxes		13.32	40.65
Water Charges (refer note a below)		437.69	-
Training & recruitment expenses		97.60	12.66
Communication expenses		100.88	58.65
Travelling expenses		430.73	258.98
Foreign Travel		-	3.60
Tender expenses	24.98		37.64
Less: Receipt from sale of tenders	0.41		0.10
		24.57	37.54
Payment to auditors		3.43	3.61
Advertisement and publicity		1.26	1.31
Security expenses		1,864.05	1,593.84
Entertainment expenses		76.61	33.75
Expenses for guest house	72.77		155.55
Less: Recoveries	-		0.56
		72.77	154.99
Brokerage & commission		2.08	4.83
Ash utilisation & marketing expenses		2.31	-
Books and periodicals		0.14	0.16
Professional charges and consultancy fee		425.22	276.88
Legal expenses		83.73	60.73
EDP hire and other charges		3.58	-
Printing and stationery		14.38	3.10
Hire charge of vehicles		123.38	140.46
Bank charges		51.93	25.13
Miscellaneous expenses		254.25	316.34
		10,513.40	8,974.45
Less: Allocated to fuel cost		578.16	367.78
Less: Transferred to expenditure during construction period (net)- Note 31		-	1,804.42
		9,935.24	6,802.25
Corporate Social Responsibility (CSR) expense		509.40	10.87
Provisions for			
Shortage in stores		50.64	37.83
Shortage in property, plant and equipment		149.90	25.78
Obsolete/Dimnuition in the value of surplus store		0.37	48.51
		10,645.54	6,925.25

a) Water Charges includes amount provided against the demand of ₹ 231.23 Lakhs (31 March 2018: ₹ Nil) by the State Authority for earlier years.

b) Miscellaneous expenses includes demmurage charges, expenses on operating construction equipment, etc.

c) Details in respect of payment to auditors (Inclusive of GST):

	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
Audit fee	1.65	2.63
Tax audit fees	0.35	0.30
Limited review	1.06	-
In other capacity		
Other services (certification fee)	0.37	-
Reimbursement of expenses	-	0.68
Total	3.43	3.61

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31 Expenditure during construction period (net)

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Employee benefits expense		
Salaries and wages	-	866.57
Contribution to provident and other funds	-	76.72
Staff welfare expenses	-	33.45
Total (A)	-	976.73
B. Finance costs		
Interest on		
Rupee term loans	1,449.56	3,680.51
Unwinding of discount on account of vendor liabilities	0.38	316.74
Total (B)	1,449.94	3,997.26
C. Depreciation and amortisation	-	0.08
D. Generation, administration & other expenses		
Power charges	-	1,514.16
Insurance	-	8.05
Communication expenses	-	2.47
Travelling expenses	-	17.25
Security expenses	-	176.91
Entertainment expenses	-	1.82
Expenses for guest house	-	32.20
Professional charges and consultancy fee	-	29.19
Printing and stationery	-	0.03
Hiring of vehicles	-	17.64
Bank charges	-	3.17
Miscellaneous expenses	-	1.53
Total (D)	-	1,804.42
E. Less: Other income		
Interest from contractors	126.51	280.53
Total (E)	126.51	280.53
Grand total (A+B+C+D-E)	1,323.43 *	6,497.96 *

* Carried to Capital work-in-progress - Note 3

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32 **Fair Value Measurements**

a) Financial instruments by category

All financial assets and liabilities viz. trade receivables, cash and cash equivalents, borrowings, trade payables, employee related liabilities, payable to related parties, deposits from contractors and supplilers and payable for expenses are measured at amortized cost.

b) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value of financial instruments measured at amortised cost for which fair value is being disclosed, the company has classified these into levels prescribed under the Ind AS 113, 'Fair value measurement' details of which are as under:

₹ Lakhs

Financial liabilities which are measured at amortised cost for which fair values are disclosed	Level 2*	
	As at 31 March 2019	As at 31 March 2018
Rupee term loan	2,44,152.80	2,70,177.00
Payable for capital expenditure	1,602.51	1,091.90
Total	2,45,755.31	2,71,268.90

* Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

c) Fair value of financial liabilities measured at amortized cost

₹ Lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Rupee term loan	2,46,153.30	2,44,152.80	2,61,060.79	2,70,177.00
Payable for capital expenditure	1,218.27	1,602.51	1,055.93	1,091.90
Total	2,47,371.57	2,45,755.31	2,62,116.72	2,71,268.90

The carrying amounts of short term trade receivables, cash and cash equivalents, borrowings, trade payables, employee related liabilities, payable to related parties, deposits from contractors and supplilers and payable for expenses are considered to be the same as their fair values, due to their short-term nature.
The fair values for Rupee term loans and payable for capital expenditure were calculated based on cash flows discounted using a current lending rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable market inputs.

33 **Financial risk management**

The Company's principal financial liabilities comprise loans in domestic currency and payables for capital expenditure. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and short-term deposits. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.
The Company is exposed to the following risks from its use of financial instruments
- Credit risk
- Liquidity risk
- Market risk

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. It arises principally from loans and advances, cash and cash equivalents and deposits with banks and financial institutions.

Trade receivables and Unbilled Revenue

The Company primarily sells electricity to bulk customers comprising, mainly Discoms owned by State Governments. The risk of default in case of power supplied to these state owned companies is considered to be insignificant. The Company has not experienced any significant impairment losses in respect of trade receivables in the past years. A default occurs when in the view of management there is no significant possibility of recovery of receivables after considering all available options for recovery.

Cash and cash equivalents and Deposits with banks

The company has banking operations with State Bank of India and Canara Bank which are scheduled banks and are owned by Government. The risk of defalut with state controlled entities is considered to be insignificant.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Financial assets for which loss allowance is measured using lifetime Expected Credit Losses (ECL)		
Trade Receivables	38,391.29	19,903.59
Unbilled Revenue	25,213.80	10,679.51
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalent	992.11	2,350.47
Bank balances other than cash and cash equivalents	1,857.03	-
Other current financial asset	697.26	-
Total	67,151.49	32,933.57

(ii) Provision for expected credit losses

Financial assets for which loss allowance is measured using lifetime expected credit losses

The Company has customers (Government utilities) with capacity to meet the obligations and therefore the risk of default is negligible or nil. Further, management believes that the unimpaired amounts that are past due by more than 60 days are still collectable in full. Hence, no impairment loss has been recognised in respect of trade receivables.

Financial assets for which loss allowance is measured using 12 month expected credit losses

The company has trade receivables and other assets where the counter- parties have strong capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

(iii) Ageing analysis of trade receivables

The ageing analysis of the trade receivables and unbilled revenue is as below:

₹ Lakhs

Ageing	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
As at 31 March 2019	25,007.24	2,680.68	2,138.13	2,173.44	6,391.80	38,391.29
As at 31 March 2018	5,493.82	7,306.42	7,103.35	-	-	19,903.59

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by Treasury. The Board of directors has established policies to manage liquidity risk and the Company's treasury department operates in line with such policies.Any breaches of these policies are reported to the Board of Directors.Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(i) Financing arrangements

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

Particulars	As at 31 March 2019	As at 31 March 2018
Floating-rate borrowings		
Term loans	95,546.70	77,639.21
Fixed-rate borrowings		
Term loans	8,300.00	11,300.00

(ii) Maturitites of financial liabilities

The following are the contractual maturities of financial liabilities, based on contractual cash flows:

As at 31 March 2019 ₹ Lakhs

Contractual maturities of financial liabilities	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years	Total
Rupee term loan from banks	4,240.11	12,720.33	16,960.44	48,642.99	93,040.51	1,75,604.38
Rupee term loan from others	710.15	2,130.46	3,020.30	10,016.00	37,622.01	53,498.92
Rupee term loan from NTPC Limited	-	6,050.00	3,666.67	7,333.33	-	17,050.00
Trade Payables	16,542.41	-	-	-	-	16,542.41
Payable for Capital Expenditure	20,712.87		1,218.27			21,931.14
Loans repayable on demand from bank	49,165.95	-	-	-	-	49,165.95
Deposits from contractors and others	84.28	-	-	-	-	84.28
Payable to related parties	9,962.64	-	-	-	-	9,962.64
Payable to employees	1,208.11	-	-	-	-	1,208.11
Others	2,970.24	-	-	-	-	2,970.24
Total	**1,05,396.76**	**20,900.79**	**24,865.68**	**65,992.32**	**1,30,662.52**	**3,48,018.07**

As at 31 March 2018 ₹ Lakhs

Contractual maturities of financial liabilities	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years	Total
Rupee Term Loan	4,642.01	13,926.05	18,568.06	55,704.17	1,68,220.51	2,61,060.79
Trade Payables	10,550.30	-	-	-	-	10,550.30
Payable for Capital Expenditure	32,113.78		1,055.93			33,169.71
Loans repayable on demand from bank	18,005.78	-	-	-	-	18,005.78
Deposits from contractors and others	69.95	-	-	-	-	69.95
Payable to related parties	8,322.61	-	-	-	-	8,322.61
Payable to employees	368.25	-	-	-	-	368.25
Others	2,698.28	-	-	-	-	2,698.28
Total	**76,770.97**	**13,926.05**	**19,623.98**	**55,704.17**	**1,68,220.51**	**3,34,245.67**

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c) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board of directors is responsible for setting up of policies and procedures to manage market risks of the company. At present, any gain or loss on account of exchange risk variation shall be recognised in the statement of profit and loss after declaration of Commercial Operation Date (COD).

(i) **Currency risk**

The Company executes import agreements for the purpose of purchase of capital goods. Upto March 31, 2016 the company till the date of commercial operation capitalised the exchange gain/loss on account of re-instatement/actual payment of the vendor liabilities. Such capital cost is allowed by CERC as recovery from benefiaries. From 1 April 2016 exchange gain/loss on long term foreign currency monetary item will be recovered from benefiaries as a part of rate regulated asset. Hence there is no risk in case of foreign exchange gain/loss on long term foreign currency monetary items.The exposure in case of foreign exchange gain/loss on short term foreign currency monetary items is considered to be insignificant.

The currency profile of financial assets and financial liabilities are as below:

₹ Lakhs

Particulars	As at 31 March 2019			As at 31 March 2018		
	USD	JPY	Total	USD	JPY	Total
Financial Liabilities						
Payable for capital expenditure	44.49	38.70	83.19	41.85	37.85	79.70

Sensitivity analysis

As per the CERC regulations, the gain/loss on account of exchange rate variations on all long term and short term foreign currency monetary items (up to COD) is recoverable from beneficiaries. Hence, the impact of strengthening or weakening of Indian rupee against USD and JPY on the statement of profit and loss would not be very significant. Therefore, sensitivity analysis for currency risk is not disclosed.

Interest rate risk

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

Refer note 14 and 18 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

Cash flow sensitivity analysis for variable-rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) CWIP and/or profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the previous year.

₹ Lakhs

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	50 bp increase	50 bp decrease	50 bp increase	50 bp increase
Rupee term loans	1,262.33	(1,262.33)	1,207.48	(1,207.48)
Cash credit	185.43	(185.43)	84.20	(84.20)

Of the above mentioned increase in the interest expense, major portion will be recognised in statement of profit and loss.

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34 Employee benefits

a) Defined contribution plans:

(i) Employees on secondment from parent company NTPC Limited

In accordance with the accounting policy no. C.12 (note 1), an amount of ₹938.50 Lakhs (31 March 2018: ₹ 704.25 Lakhs) towards provident fund, pension, gratuity, post retirement medical facilities & other terminal benefits and ₹492.17 lakhs (31 March 2018: ₹ 197.45 Lakhs) towards leave & other benefits, are paid /payable to the parent company (NTPC) and included in 'Employee Benefits'.

(ii) Employees on the roll of the Company

The company deposits contribution for Provident Fund in funds administered and managed by Government. During the year, amount of ₹ 3.85 Lakhs (31 March 2018: ₹ 4.04 Lakhs) is recognized as expense in Statement of profit and loss.

During the year ended 31 March 2018, the company recognised an expense of ₹ 16.22 Lakhs and ₹ 21.50 Lakhs in respect of gratuity and leave encashment on actual basis. With effect from 1 April 2018, same is being recognised on the basis of actuarial valuation.

b) Defined benefit plan (Gratuity):

The Company operates an unfunded gratuity plan which provides lump sum benefits linked to the qualifying salary and completed years of service with the Company at the time of separation. Every employee who has completed 5 years of continuous service is entitled to receive gratuity at the time of his superannuation or separation from the organisation, whichever is earlier. The gratuity benefit that is payable to any employee, is computed in accordance with the provisions of 'The Payment of Gratuity Act, 1972'.

Based on the actuarial valuation report, the following tables set out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

(i) Defined benefit liability

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for gratuity		
Non-current	16.68	-
Current	5.63	-
Total	22.31	-

(ii) Movement in net defined benefit liability

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	-	-
Included in profit or loss:		
Current service cost	2.62	-
Past service cost	19.69	-
Interest cost/income	-	-
Total amount recognized in profit or loss	22.31	-
Included in OCI:		
Remeasurement loss/(gain) arising from:		
Financial assumptions	-	-
Experience adjustment	-	-
Return on plan assets excluding interest income	-	-
Total amount recognized in OCI	-	-
Contributions from the employer	-	-
Benefits paid	-	-
Closing balance	22.31	-

(iii) Plan assets

The company does not have any plan assets.

(iv) Actuarial assumptions

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.75%	NA
Salary escalation rate	6.50%	NA
Retirement age (years)	60 years	NA
Mortality rates inclusive of provision for disability	IALM (2006-08)	NA
Withdrawal rate		
Up to 30 years	3.00%	NA
From 31 to 44 years	2.00%	NA
Above 44 years	1.00%	NA

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The principal assumptions are the discount rate & salary growth rate. The discount rate is based upon the market yields available on Government bonds at the accounting date relevant to currency of benefit payments for a term that matches the liabilities. Salary growth rate is company's long term best estimate as to salary increases and takes account of inflation, seniority, promotion, business plan, HR policy and other relevant factors on long term basis as provided in relevant accounting standard.

Attrition rates are the company's best estimate of employee turnover in future determined considering factors such as nature of business and industry, retention policy, demand and supply in employment market, standing of the company, business plan, HR Policy etc. as provided in the relevant accounting standard.

(v) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

₹ Lakhs

Particulars	Increase	Decrease
As at 31 March 2019		
Discount rate (1% movement)	(0.41)	0.43
Salary escalation rate (1% movement)	0.44	(0.42)
As at 31 March 2018		
Discount rate (1% movement)	-	-
Salary escalation rate (1% movement)	-	-

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

(vi) Risk exposure

Salary Increases: Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk: If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability: Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(vii) Expected maturity analysis of the gratuity benefits is as follows

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Less than 1 year	5.63	-
Between 1-2 years	0.29	-
Between 2-5 years	11.57	-
Over 5 years	4.82	-
Total	**22.31**	-

Expected contributions to post-employment benefit plans for the year ending 31 March 2020 are ₹ 6.34 Lakhs.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 22.29 years.

c) Other long term employee benefit plans:

Compensated Absence

The company provides for earned leave benefit which accrues at 30 days per year. The earned leaves are encashable while in service or on separation. Total number of leaves that can be accumulated are 300 days. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit

A provision of ₹ 24.50 Lakhs for the year have been made on the basis of actuarial valuation at the year end and debited to the Statement of Profit and Loss.

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35 Related party disclosures

a) List of Related parties:

i) Parent Company:
NTPC Limited

ii) Joint venture/Subsidiary of parent company:
Utility Powertech Limited
Bhartiya Rail Bijlee Company Limited (BRBCL)

iii) Subsidiary of shareholder:
North Bihar Power Distribution Company Limited (NBPDCL)
South Bihar Power Distribution Company Limited (SBPDCL)

iv) Key Managerial Personnel (KMP):

Shri K.K. Sharma	Chairman (Non-Executive)	(upto 31 October 2017)
Shri A.K. Gupta	Chairman (Non-Executive)	(wef 24 November 2017 upto 28 February 2018)
Shri Prakash Tiwari	Non-Executive Director	(wef 25 November 2017)
Shri Prakash Tiwari	Chairman (Non-Executive)	(wef 9 March 2018)
Shri P. Amrit	Non-Executive Director	(upto 16 August 2018)
Shri R. Lakshmanan	Non-Executive Director	(upto 16 August 2018)
Shri K.S. Garbryal	Non-Executive Director	(upto 31 January 2018)
Shri Ajay Dua	Non-Executive Director	(wef 12 March 2018)
Shri M.P. Sinha	Non-Executive Director	(wef 9 March 2018 upto 27 April 2018)
Mrs. Sangeeta Bhatia	Non-Executive Director	
Shri S. Narendra	Non-Executive Director	(wef 4 May 2018)
Shri R.K. Sinha	Chief Executive Officer	(upto 6 September 2017)
Shri P.K. Sinha	Chief Executive Officer	(wef 11 September 2017 upto 21 July 2018)
Shri S. Gaurishankar	Chief Executive Officer	(wef 22 July 2018 upto 17 August 2018)
Shri U. Banerjee	Chief Executive Officer	(wef 17 August 2018)
Shri K.K. Mishra	Chief Finance Officer	(upto 18 May 2017)
Shri V.K.Mittal	Chief Finance Officer	(wef 18 May 2017)
Mrs.Ruchi Aggarwal	Company Secretary	

v) Entities under the control of the same government:
The Company is a subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding 100% shares (31 March 2018: 72.64% shares). Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Eastern Coalfields Ltd., Bharat Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd., Central Coalfields Ltd., Bharat Heavy Electricals Ltd., RITES Ltd. etc.

b) Transactions with the related parties are as follows:

₹ Lakhs

Name of related party	Nature of transaction	For the year ended 31 March 2019	For the year ended 31 March 2018
Transactions with parent company			
NTPC Limited	Equity contribution	**7,500.00**	8,000.00
NTPC Limited	Equity share issued	**7,500.00**	31,343.07
NTPC Limited	Unsecured loan taken	**3,000.00**	8,000.00
NTPC Limited	Unsecured loan repaid	**6,050.00**	-
NTPC Limited	Deputation of employees	**1,054.58**	1,700.03
NTPC Limited	Consultancy services	**280.77**	358.94
NTPC Limited	Purchase of PPE	**62.89**	-
Transactions with joint venture/ subsidiary of parent company			
Utility Powertech Limited	Manpower supply services	**2,287.89**	1,730.24
Bhartiya Rail Bijlee Company Limited	Services	-	12.74
Transactions with subsidiary of shareholder			
NBPDCL/SBPDCL	Sales of power	**1,26,869.93**	75,395.73

₹ Lakhs

Name of related party	Nature of transaction	For the year ended 31 March 2019	For the year ended 31 March 2018
Transactions with entities under the control of the same government			
Eastern Coalfields Ltd.	Purchase of coal	19,611.82	11,991.53
Bharat Petroleum Corporation Ltd.	Purchase of LDO	1,819.44	3,049.23
Hindustan Petroleum Corporation Ltd.	Purchase of LDO	22.43	266.43
Central Coalfields Ltd.	Purchase of coal	38,156.19	18,501.85
Bharat Heavy Electricals Ltd.	Purchase of capital goods & services	372.70	1,564.55
RITES Ltd.	Technical consultancy services	453.59	1,773.83

Compensation to Key Managerial Personnel

₹ Lakhs

Name	Nature of compensation	For the year ended 31 March 2019	For the year ended 31 March 2018
Rajiva Kumar Sinha	Short term benefits	-	15.16
Rajiva Kumar Sinha	Post retirement benefits	-	0.50
Rajiva Kumar Sinha	Other Long term benefits	-	1.04
Prabhat Kumar Sinha	Short term benefits	12.73	17.05
Prabhat Kumar Sinha	Post retirement benefits	1.03	0.72
Prabhat Kumar Sinha	Other Long term benefits	5.47	6.88
S. Gaurishankar	Short term benefits	2.91	-
S. Gaurishankar	Post retirement benefits	0.26	-
S. Gaurishankar	Other Long term benefits	1.25	-
U. Banerjee	Short term benefits	36.49	-
U. Banerjee	Post retirement benefits	1.73	-
U. Banerjee	Other Long term benefits	15.69	-
K K Mishra	Short term benefits	-	2.11
K K Mishra	Post retirement benefits	-	0.07
K K Mishra	Other Long term benefits	-	0.15
V K Mittal	Short term benefits	56.06	35.97
V K Mittal	Post retirement benefits	3.84	1.22
V K Mittal	Other Long term benefits	24.10	19.50
Total		160.76	100.37

c) Outstanding balances with related parties are as follows:

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Amount recoverable for sale/purchase of goods and services		
- From NBPDCL/SBPDCL	39,635.09	13,734.75
Amount payable for unsecured term loans		
- To NTPC Limited	17,050.00	20,100.00
Amount payable for sale/purchase of goods and services		
- To NTPC Limited	9,098.99	8,032.44
- To Utility Powertech Limited	579.93	290.17

d) Terms and conditions of transactions with the related parties:

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

(2) The Company is assigning jobs on contract basis, for sundry works in plants/stations/offices to M/s Utility Powertech Ltd (UPL), a 50:50 joint venture between NTPC Ltd. and Reliance Infrastructure Ltd. UPL inter-alia undertakes jobs such as overhauling, repair, refurbishment of various mechanical and electrical equipments of power stations. The Company has entered into Power Station Office Maintenance Agreement with UPL from time to time. The rates are fixed on cost plus basis after mutual discussion and after taking into account the prevailing market conditions.

(3) The parent company NTPC Limited has seconded its personnel to the company as per the terms and conditions agreed between the companies, which are similar to those applicable for secondment of employees to other companies and institutions. The cost incurred by NTPC Limited towards superannuation and employee benefits are recovered from the company. For loans taken from NTPC Limited, refer note 14.

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36 Disclosure as per Ind AS-33 on Earnings per share

In ₹

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Basic earnings per share	**0.68**	(1.53)
Diluted earnings per share	**0.67**	(0.72)
Nominal value per share	**10.00**	10.00
(a) Profit attributable to equity shareholders (₹ Lakhs)	**9,873.85**	(18,109.24)
(b) Weighted average number of equity shares		
Opening balance of issued equity shares	**1,43,56,73,705**	1,12,22,43,040
Effect of shares issued during the year, if any	**1,97,26,027**	6,39,48,807
Weighted average number of equity shares for Basic EPS	**1,45,53,99,732**	1,18,61,91,847
Opening balance of issued equity shares	**1,43,56,73,705**	1,12,22,43,040
Effect of shares issued during the year, if any	**3,45,89,041**	1,39,24,95,623
Weighted average number of equity shares for Diluted EPS	**1,47,02,62,746**	2,51,47,38,663

37 Information in respect of micro and small enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006:

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
a) Amount remaining unpaid to any supplier:		
Principal amount	**483.08**	568.19
Interest due thereon	**17.34**	-
b) Amount of interest paid in terms of Section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day.	-	-
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
d) Amount of interest accrued and remaining unpaid	**17.34**	-
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	-	-

38 Disclosure as per Ind AS-17 on Leases

a) The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps for a period of one to three years. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable.

b) Expenses (net) on operating lease of the premises for residential use of the employees amounting to ₹ 0.44 Lakhs (31 March 2018: ₹ 14.24 Lakhs) are included in note no. 27.

39 Capital Management

The Company's objectives when managing capital are to:

Safeguard its ability to continue as a going concern. so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an appropriate capital structure of debt and equity.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company monitors capital, using a medium term view of three to five years, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Company is not subject to externally imposed capital requirements.

The Company monitors capital using gearing ratio which is net debt divided by total equity. Net debt comprises of long term and short term borrowings less cash and cash equivalent. Equity includes equity share capital and reserves that are managed as capital. The gearing ratio at the end of the reporting periods was as follows:

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total Debt	**2,95,319.25**	2,79,066.57
Less : Cash and cash equivalent	**992.11**	2,350.47
Net debt	**2,94,327.14**	2,76,716.10
Total equity	**1,35,641.96**	1,18,268.11
Net debt to equity ratio	**2.17**	2.34

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40 Disclosure as per Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'

Contingent Liability

a) Arbitration/Civil court cases against the company in respect of capital works:
Some contractors for supply and installation of equipment and execution of works at our project have made claims on the Company for ₹15,142.80 Lakh (31 March 2018: ₹ 10,147.80 Lakh) seeking revision of L2 rate for supply contract and erection contract, non-imposition of LD, payment of over stay compensation, compensation for the extended period of work, idle charges etc. These claims are being contested by the company as being not admissible in terms of the provisions of the respective contracts. The company is pursuing various options under the dispute resolution mechanism available in the contracts for settlement of these claims.

b) Disputed Income Tax/Sales Tax/ Excise Matters:
Disputed Income Tax demand for the assessment year 2012-13 & 2015-16 amounting to ₹ Nil (31 March 2018: ₹ 600.26 Lakh) has been settled during FY 2018-19. Disputed entry tax demand amounting to ₹ 723.61 Lakh (31 March 2018: ₹ 723.61 Lakh) in respect of interest and penalty on differential Entry Tax on purchase of LDO and Steel pertaining to FY 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13 is pending before different authorities of Commercial Tax.

c) Power Bills raised by NBPDCL
North Bihar Power Distribution company Limited (NBPDCL) raised power bills for power consumed by KBUNL in construction activities as well as colony for ₹ 3058.70 lakhs, ₹ 1880.60 Lakhs, ₹ 576.00 Lakhs and ₹ 670.59 Lakhs for the years 2015-16, 2016-17, 2017-18 and 2018-19 respectively. KBUNL observed that neither the prevalent rules and regulations were adhered to while raising the bills by NBPDCL nor reconciliation was done till date. The Issue was already brought to the notice of NBPDCL with a request for resolution of issue. Hence, the aggregate sum of ₹ 6,185.89 Lakhs (31 March 2018: ₹ 5,515.30 Lakhs) has been shown as contigent liabilities.

d) Others:
Other contingent liabilities amount to ₹ 18,644.42 Lakhs (31 March 2018: ₹ 1,339.17 Lakhs) relating to Water Charges, Industrial Dispute and Labour Court cases.

Capital and other commitments
Estimated amount of contracts remaining to be executed on capital works account and not provided for as at 31 March 2019 is ₹ 64,576.88 Lakhs (31 March 2018: ₹ 53,625.02 Lakhs).

Contingent asset
CERC (Terms & Conditions of Tariff) Regulations 2014-19 provide for levy of Late Payment Surcharge by generating company in case of delay in payment by beneficiaries beyond 60 days from the date of presentation of bill. Surcharge income is recognised only when no significant uncertainty of ultimate collection exists. Accordingly, late payment surcharge of ₹ 99.05 Lakhs (31 March 2018: ₹ 49.01 Lakhs) has not been recognised.

41 Operating segment
The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'). In the opinion of the management, there is only one reportable segment ("Generation of energy"). Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company. Further, the Company operates only in one geographical segment which is India.

Entity wide disclosures

a) Information about products and services
The Company is involved in the generation and sale of bulk power to State Power Utilities.

b) Information about geographical areas
The entire sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company are located within India.

c) Information about major customers (from external customers)
Revenue of approximately ₹ 1,26,869.93 Lakhs (31 March 2018: ₹ 75,395.73 Lakhs) are derived from external customers accounting for more than 10 per cent of total revenue of the Company.

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42 Income taxes

a) Income tax recognised in Statement of Profit and Loss

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax expense		
Current year	2,819.17	-
Pertaining to earlier years	-	-
Total	2,819.17	-
Deferred tax expense (MAT Credit entitlement)		
Origination of temporary differences	-	-
Total	-	-
Total income tax expense	2,819.17	-

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

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax expense		
Profit before tax	12,693.02	(18,109.24)
Tax at Company's domestic tax rate of 34.944% (31 March 2018: Nil)	4,435.45	-
Tax effect of:		
Difference on account of MAT rate	(1,700.26)	-
Permanent difference	30.59	-
Temporary difference not recognised in books of accounts	53.39	-
Total	2,819.17	-

c) Movement in deferred tax balances

₹ Lakhs

Particulars	Opening balance	Recognised in profit and loss	Closing balance
For the year ended 31 March 2019			
Deferred tax liability			
Difference in book depreciation and tax depreciation	-	39,925.87	39,925.87
Less: Deferred tax asset			
Unabsorbed depreciation	-	39,778.80	39,778.80
Provisions	-	147.07	147.07
Deferred tax liabilities (net)	-	-	-

d) The Company has not recognised deferred tax asset of ₹ 21,271.03 Lakhs, considering uncertainty of future taxable profit against which such deferred tax asset can be utilised on unabsorbed depreciation. In terms of provisions of Income Tax Act, 1961, unabsorbed depreciation can be carried forward indefinitely for set off.

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43 **Revenue from contracts with customers**

a) **Nature of goods and services**

The revenue of the Company comes from energy sales. The Company sells electricity to bulk customers, mainly electricity utilities owned by State Governments as well as private Discoms operating in States. Sale of electricity is generally made pursuant to long-term Power Purchase Agreements (PPAs) entered into with the beneficiaries.

Nature, timing of satisfaction of performance obligations and significant payment terms

The Company recognises revenue from contracts for energy sales over time as the customers simultaneously receive and consume the benefits provided by the Company. The tariff for computing revenue from energy sales is determined in terms of CERC Regulations as notified from time to time. The amount of revenue recognised for energy sales is adjusted for variable consideration, wherever applicable, which are estimated based on the historical data available with the Company. The amounts are billed on a monthly basis and invoices are payable within contractually agreed credit period.

b) **Disaggregation of revenue**

In the following table, revenue is disaggregated on the basis of major customer and timing of revenue recognition:

₹ Lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018 *
Major customers		
NBPDCL/SBPDCL	1,26,869.93	75,395.73
Others	29,487.74	6,616.63
Total	1,56,357.67	82,012.36
Timing of revenue recognition		
Over time	1,56,357.67	82,012.36
At a point in time	-	-
Total	1,56,357.67	82,012.36

* The Company has applied Ind AS 115 using the cumulative effect method. Under this method, the comparative information is not restated.

c) **Contract balances**

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. The contract liabilities primarily relate to the advance consideration received from the customers which are referred as 'advances from customers'.

The following table provides information about receivables and contract assets from contracts with customers:

₹ Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	38,391.29	19,903.59
Unbilled revenue	25,213.80	10,679.51
Advance from customers	77.69	165.78

During the year ended 31 March 2019, ₹ 10,679.51 Lakhs of unbilled revenue as of 1 April 2018 has been reclassified to trade receivables upon billing to customers as per payment terms defined in respective agreements. There is no other significant change in the contract balance during the year ended 31 March 2019.

The amount of revenue recognised in 2018-19 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to issuance of Tariff Order dated 29 April 2019 in respect of MTPS Stage-II (2*195 MW), is ₹ 625.21 Lakhs.

d) **Reconciliation of revenue recognised with contract price:**

₹ Lakhs

Particulars	For the year ended 31 March 2019
Contract price	1,56,357.67
Adjustments	-
Revenue recognised	1,56,357.67

e) Applying the practical expedients as given in Ind AS 115:

i) The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

ii) The Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

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

i) There is no impact on account of adoption of Ind AS 115 by the Company as compared to Ind AS 18.

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44 Standards issued but not yet effective

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified the following standards/ appendix/ amendments which will come into force from 1 April 2019:

a) Ind AS 116, 'Leases'

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

The standard permits two possible methods of transition:

• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective approach)

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or

•An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

Certain practical expedients are available under both the methods.

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

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

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

The standard permits two possible methods of transition:

• Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

• Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application.

The Company will adopt the standard on 1 April 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April 2019 without adjusting comparatives.

c) Amendment to Ind AS 12 'Income taxes'

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

d) Amendment to Ind AS 19 'Employee benefits'

The amendments to the guidance in Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

e) Amendment to Ind AS 23, 'Borrowing Costs'

The amendments to the guidance in Ind AS 23, 'Borrowing Costs', clarifies the following:

• while computing the capitalisation rate for funds borrowed generally, borrowing costs applicable to borrowings made specifically for obtaining a qualified asset should be excluded, only until the asset is ready for its intended use or sale.

• borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for its intended use or sale would subsequently be considered as part of the general borrowing costs.

A.R. SUREKA & CO. CHARTERED ACCOUNTANTS

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f) **Amendment to Ind AS 109 'Financial Instruments'**

The amendments relate to the existing requirements in Ind AS 109, 'Financial Instruments' regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The Company is evaluating the requirements of the above amendments and the effect on the financial statements is being evaluated.

45 The company does not maintain cash book since it does not have dealing in cash transactions.

For and on behalf of the Board of Directors

(Ruchi Aggarwal)	(V.K. Mittal)	(U. Banerjee)	(Sangeeta Bhatia)	(Prakash Tiwari)
Company Secretary	CFO	CEO	Director	Chairman

Place: New Delhi
Date : 20 May 2019

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

For A.R. Sureka & Co.
Chartered Accountants

Neeraj Sureka

Neeraj Kumar Sureka
Partner
Membership No. : 056920
Firm Reg. No.: 000360C
Place : New Delhi
Date : 20 May 2019

A.R. SUREKA & CO. MUZAFFARPUR CHARTERED ACCOUNTANTS