

**NTPC ELECTRIC SUPPLY COMPANY LIMITED**  
(A wholly owned subsidiary of NTPC Limited)

**DIRECTORS' REPORT**

To  
Dear Members,

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

**FINANCIAL RESULTS**

	(₹Lakh)	
	<b>2018-19</b>	<b>2017-18</b>
<b>Total Revenue</b>	<b>0.42</b>	<b>0.41</b>
Total Expenses	0.55	0.31
<b>Profit/(Loss) before Tax</b>	<b>(0.13)</b>	<b>0.10</b>
Tax expenses	9.03	0.02
<b>Profit/(Loss) after Tax</b>	<b>(9.16)</b>	<b>0.08</b>

**DIVIDEND**

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

**OPERATIONAL REVIEW**

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

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

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

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

**FIXED DEPOSITS**

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

**AUDITORS' REPORT**

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

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

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

**C&AG REVIEW**

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

**PARTICULARS OF EMPLOYEES**

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. The aforesaid information is not included as a part of the Directors' Report, as your Company neither required being a Government company



nor have any full-time employee during the financial year under review.

### REPORTING OF FRAUD

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

### COMPLIANCE OF SECRETARIAL STANDARDS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 (3) (c) and Section 134(5) of the Companies Act, 2013, your Directors confirm that:

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

### DIRECTORS

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

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

### Number of meetings of the Board

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

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

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

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

### CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

Your company has not given any loans or guarantees or made any investment covered

under the provisions of section 186 of the Companies Act, 2013.

#### **MATERIAL CHANGES AND COMMITMENTS**

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

#### **EXTRACT OF ANNUAL RETURN**

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

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

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

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

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

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

#### **ACKNOWLEDGEMENT**

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

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

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

Place: New Delhi  
Date: July 25, 2019



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

#### **DISTRIBUTION**

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

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

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

#### **STRENGTH AND WEAKNESS**

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

downstream power market and trading arm are added advantages to your Company.

### **OPPORTUNITIES AND OUTLOOK**

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

### **RISKS AND CONCERNS**

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

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



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

### INTERNAL CONTROL

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

### PERFORMANCE DURING THE YEAR

#### Operations

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

#### Financial Performance

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

	(₹Lakh)	
	2018-19	2017-18
Revenues from Operations	-	-
Other income	0.42	0.41
<b>Total</b>	<b>0.42</b>	0.41

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

	(₹Lakh)	
	2018-19	2017-18
Other expenses	0.55	0.31
<b>Total operating expenses</b>	<b>0.55</b>	0.31

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

	(₹Lakh)	
	2018-19	2017-18
<b>Profit/(Loss) before tax</b>	<b>(0.13)</b>	0.10
Tax expenses	9.03	0.02
<b>Profit / (Loss) for the year</b>	<b>(9.16)</b>	0.08

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

#### Reserves & Surplus

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

#### Current Assets

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

	(₹Lakh)	
	31.3.2019	31.3.2018
Cash and cash equivalent	18.37	18.01
<b>Total Current Assets</b>	<b>18.37</b>	<b>18.01</b>

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

#### Current Liabilities

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

	(₹Lakh)	
	31.3.2019	31.3.2018
Other financial liabilities	3539.01	3528.88
<b>Total Current Liabilities</b>	<b>3539.01</b>	3528.88



## Cash Flow Statement

(₹Lakh)

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

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

## Financial Indicators

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

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

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

## PROCUREMENT FROM MSEs

Your Company does not have any operations during the financial year under review, hence no procurement of goods and services were made from Micro and Small Enterprises (MSEs) (including MSEs owned by SC/ST entrepreneurs), as required under the Public Procurement Policy for Micro and Small Enterprises, Order, 2012.

## SEXUAL HARASSMENT OF WOMEN AT WORKPLACE.

During the financial year under review the company did not have any employee. Since incorporation all the employees of the company were on secondment basis from holding company viz. NTPC Limited. In line with the

requirement of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, all the employees were regulated under the NTPC's Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace.

## HUMAN RESOURCES

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

## CAUTIONARY STATEMENT

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

## For and on behalf of the Board of Directors

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

Place: New Delhi  
Date: July 25, 2019







Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) +A(2)</b>	-	<b>80,910</b>	<b>80,910</b>	<b>100</b>	-	<b>80,910</b>	<b>80,910</b>	<b>100</b>	-
<b>B. Public Shareholding</b>									
<b>1.Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	-	-	-	-	-	-	-	-	-
<b>2.Non-institutions</b>									
a)Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b)Individuals									
i)Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c)Others(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B) (2)</b>	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>80,910</b>	<b>80,910</b>	<b>100</b>	-	<b>80,910</b>	<b>80,910</b>	<b>100</b>	-

**(ii) Shareholding of Promoters**

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

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

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



At the End of the year	80,910	100	80,910	100
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**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs)**

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

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

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

**V. INDEBTEDNESS**

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

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



	Secured excluding deposits	Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>financial year</b>					
i) Principal amount	-	-	-	-	-
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
<b>Total ( i + ii + iii)</b>	-	-	-	-	-

## 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) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of 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	Company secretary	CFO	Total
1.	Gross Salary	N.A	N.A	N.A	N.A
	(a) Salary as per provisions contained in section 17(1)	N.A	N.A	N.A	N.A



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

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

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

For and on behalf of the Board of Directors

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

Place: New Delhi  
Date: July 25, 2019



## NTPC ELECTRIC SUPPLY COMPANY LIMITED

BALANCE SHEET AS AT 31 MARCH 2019

(Amount in ₹ Lakhs)

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

The accompanying notes 1 to 15 form an integral part of these financial statements.

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

For and on behalf of the Board of Directors

For NEMANI GARG AGARWAL & CO.

Chartered Accountants

Firm Reg. No. 010192N

  
S K Nemani

Partner

M. No: 037222

Place: New Delhi

Dated: 20.5.2019

  
(Ajay Dua)  
Chief Executive Officer

  
(Sudhir Arya)  
Director

  
(Saptarshi Roy)  
Chairman

## NTPC ELECTRIC SUPPLY COMPANY LIMITED

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

(Amount in ₹ Lakhs)

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

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

For and on behalf of the Board of Directors

For **NEMANI GARG AGARWAL & CO.**

Chartered Accountants  
Firm Reg. No. 010192N

S K Nemani  
Partner  
M. No. 037222



Place : New Delhi  
Dated 20.5.2019

  
(Ajay Dua)  
Chief Executive Officer

  
(Sudhir Arya)  
Director

  
(Saptarshi Roy)  
Chairman



## NTPC ELECTRIC SUPPLY COMPANY LIMITED

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

#### A. Equity share capital

For the year ended 31 March 2019

(Amount in ₹ Lakhs)

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

For the year ended 31 March 2018

(Amount in ₹ Lakhs)

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

#### B. Other equity

For the year ended 31 March 2019

(Amount in ₹ Lakhs)

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

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For the year ended 31 March 2018

(Amount in ₹ Lakhs )

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

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

For and on behalf of the Board of Directors

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

  
S K Nemani  
Partner  
M. No. 037222

  
(Ajay Dua)  
Chief Executive Officer

  
(Sudhir Arya)  
Director

  
(Saptarshi Roy)  
Chairman

Place : New Delhi

Dated : 20.05.2019



## NTPC ELECTRICITY SUPPLY COMPANY LIMITED

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

#### A. Reporting Entity

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

#### B. Basis of preparation

##### 1 Statement of Compliance

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

##### 2 Basis of Measurement

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

##### 3 Functional and Presentation Currency

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

##### 4 Current and non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

#### C. Significant Accounting Policies

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

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

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

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### 1.1 Initial Recognition and Measurement

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

### 1.2 Derecognition

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

### 1.3 Depreciation / Amortisation

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

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

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

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

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

## 2 Cash and Cash Equivalents

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

## 3 Provisions and Contingent Liabilities

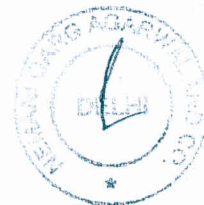
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material,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

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

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

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

*[Handwritten signature]*





#### 4 Revenue

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

#### 5 Income Tax

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

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

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

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

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

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

#### 6 Material Prior Period errors

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

#### 7 Earnings per share

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

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

#### 8 Cash Flow Statement

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

#### 9 Financial Instruments

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

##### 9.1 Financial Assets

##### 9.1.a Initial recognition and measurement

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

##### 9.1.b Derecognition

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

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

## 9.2 Financial Liabilities

### 9.2 a. Initial recognition and measurement

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

### 9.2 b. Derecognition

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

## D. Use of Estimates and Management Judgements

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

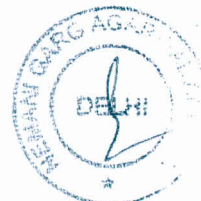
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

### 1. 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.

*[Handwritten Signature]*





## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 2. Other non current assets

(Amount in ₹ Lakhs)

Particulars	As at	As at
	31.03.2019	31.03.2018
<b>Advances other than capital advances</b>		
Advance tax & tax deducted at source	10,344.49	10,334.85
Less: Provision for tax	<u>2,586.13</u>	<u>2,577.10</u>
<b>Total</b>	<u><u>7,758.36</u></u>	<u><u>7,757.75</u></u>

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## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 3. Cash and cash equivalents

(Amount in ₹ Lakhs)

Particulars	As at	As at
	31.03.2019	31.03.2018
Balances with banks	18.37	11.22
Current accounts		
Deposits with original maturity of more than three months and maturing within one year (including interest accrued)	-	6.79
<b>Total</b>	<b>18.37</b>	<b>18.01</b>

*Adw*





## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 4. Equity Share capital

(Amount in ₹ Lakhs )

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Authorised</b>		
1,00,00,000 shares of par value ₹ 10 each (1,00,00,000 shares of par value ₹ 10 each as at 31 March 2018) wholly owned by NTPC Ltd.	<u>1,000.00</u>	<u>1,000.00</u>
<b>Issued, subscribed and fully paid up</b>		
80,910 shares of par value ₹ 10 each (80,910 shares of par value ₹ 10 each as at 31 March 2018 ) wholly owned by NTPC Ltd.	<u>8.09</u>	<u>8.09</u>
<b>a) Movements in equity share capital</b>		
During the year, the Company has neither issued nor bought back any shares.		
<b>b) Terms and rights attached to equity shares</b>		
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.		
<b>c) 80,910 equity shares valuing ₹ 8,09,100 (previous year 80,910 equity shares valuing ₹ 8,09,100) are held by the holding company i.e. NTPC Ltd. and its nominees.</b>		

*[Handwritten Signature]*



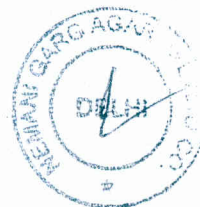
## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 5. Other equity

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
General reserve	920.59	920.59
Retained earnings	3,309.04	3,318.20
<b>Total</b>	<b>4,229.63</b>	<b>4,238.79</b>
<b>(a) General reserve</b>	<b>920.59</b>	<b>920.59</b>
Opening balance	-	-
Add : Transfer from retained earnings	-	-
Less : Adjustments during the year	-	-
<b>Closing balance</b>	<b>920.59</b>	<b>920.59</b>
<b>(b) Retained earnings</b>	<b>3,318.20</b>	<b>3,318.12</b>
Opening balance	-	0.08
Add : Profit / (Loss) for the year as per Statement of Profit and Loss	(9.16)	-
<b>Closing balance</b>	<b>3,309.04</b>	<b>3,318.20</b>

*[Handwritten Signature]*



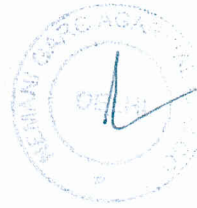


## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 6. Other current financial liabilities

(Amount in ₹ Lakhs)

Particulars	As at	As at
	31.03.2019	31.03.2018
Other payables		
Others - Related Parties		
Parent Company	3,539.01	3,528.88
Total	<u>3,539.01</u>	<u>3,528.88</u>



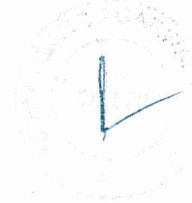
## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 7. Other income

(Amount in ₹ Lakhs )

Particulars	For the year	For the year
	ended	ended
	31.03.2019	31.03.2018
<b>Other non-operating income</b>		
Miscellaneous income		
Interest on		
Deposits with banks	0.42	0.41
<b>Total</b>	<u>0.42</u>	<u>0.41</u>

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## NTPC ELECTRIC SUPPLY COMPANY LIMITED

### 8. Other expenses

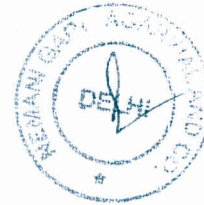
(Amount in ₹ Lakhs )

Particulars	For the year	For the year
	ended	ended
	31.03.2019	31.03.2018
Payment to auditors	0.30	0.30
Bank charges	0.01	0.01
Miscellaneous expenses	0.24	-
<b>Total</b>	<b>0.55</b>	<b>0.31</b>

#### b) Details in respect of payment to auditors:

As auditor	0.30	0.30
Audit fee including GST	0.30	0.30
<b>Total</b>	<b>0.30</b>	<b>0.30</b>

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**NTPC ELECTRIC SUPPLY COMPANY LIMITED**

**Other Notes to Financial Statements**

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

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

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

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

11 Common services being utilized by the Company for its office, are provided without any charges by the Holding Company.

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

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

- b) Key Managerial Personnel  
 i) Shri Saptarshi Roy - Chairman  
 ii) Shri Sudhir Arya - Director  
 iii) Shri Praveen Saxena - Director

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

Details	(Amount in ₹ Lakhs)	
	Current Year	Previous Year
Expenses paid by NTPC Ltd. on behalf of the company	0.55	0.30

d) Outstanding balances with related parties are as follows :

Particulars	(Amount in ₹ Lakhs)	
	as at 31.3.2019	as at 31.3.2018
Amount payable to NTPC Ltd - Holding company	3539.01	3528.88

**13 Disclosure as per Ind AS 12 'Income Taxes'**

MAT Credit available to the Company in future but not recognised in the books :

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

**14 Contingent Liabilities:**

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





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

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

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

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

- 15 a In the absence of profit during the year the company is not required to incur any expenditure towards CSR as per section 135 of the Companies Act, 2013.  
b Previous year's figures have been regrouped/rearranged wherever necessary.

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

For and on behalf of the Board of Directors

For NEMANI GARG AGARWAL & CO.

Chartered Accountants  
Firm Reg. No. 010192N

S K Nemani  
Partner  
M. No. 037222



(Ajay Dua)  
Chief Executive Officer

(Sudhir Arya)  
Director

(Saptarshi Roy)  
Chairman

Place : New Delhi

Dated : 30.05.2019

**NTPC ELECTRIC SUPPLY COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

(Amount in ₹ Lakhs )

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

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

Cash and cash equivalents	18.37	11.22
Demand deposit included in other bank balance	-	6.79
	<b>18.37</b>	<b>18.01</b>

In terms of our Audit Report attached

For & on behalf of the Board of Directors

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

S K Nemani

Partner

M. No. 037222

Place : New Delhi

Dated :



(Ajay Dua)

Chief Executive Officer



(Sudhir Arya)

Director



(Saptarshi Roy)

Chairman



# Nemani Garg Agarwal & Co.

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To the members of NTPC Electricity Supply Company Limited

---

Monday, 20 May 2019

### Opinion

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

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

### Basis for Opinion

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

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

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

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Page 1 of 16

**Key Audit Matters**

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

**1. Key Audit Matter**

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

**Auditor's Response.**

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

**Going concern concept :**

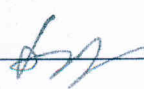
**Auditor's response**

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

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

NTPC continues to bear any expenses pertaining to NESCL and has taken full responsibility for discharging all liabilities of NESCL in terms of the **Agreement** dated 30.3.15, ( more particularly vide clauses 6,

---





7 and indemnity under clause 10 ) implementing the transfer of the business.

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

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

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these



## **Nemani Garg Agarwal & Co.**

*Chartered Accountants*

### **INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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

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

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

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

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

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

*dy*

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## Nemani Garg Agarwal & Co.

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

*To the members of NTPC Electricity Supply Company Limited*

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

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



Page 5 of 16



## **Nemani Garg Agarwal & Co.**

*Chartered Accountants*

### **INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

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

We consider quantitative materiality and qualitative factors in ;

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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## Nemani Garg Agarwal & Co.

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

To the members of NTPC Electricity Supply Company Limited

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

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

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

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

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

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

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable

losses, if any, on long-term contracts including derivative contracts.





- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure C**" on the directions and sub-directions issued by The Comptroller and Auditor General of India.

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


**SK Nemani**  
Partner  
Membership no. 037222

Place : New Delhi  
Date : 20 May 2019



## **Nemani Garg Agarwal & Co.**

*Chartered Accountants*

### **INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

**Annexure – A**

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

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

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

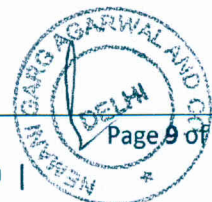
#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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



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## **Nemani Garg Agarwal & Co.**

*Chartered Accountants*

### **INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

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

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or





## **Nemani Garg Agarwal & Co.**

*Chartered Accountants*

### **INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

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

#### **Opinion**

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

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

*Chartered Accountants*

Firm Reg. No.010192N



**SK Nemani**

Partner

Membership no. 037222

Place : New Delhi

Date : 20 May 2019



## Nemani Garg Agarwal & Co.

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

To the members of NTPC Electricity Supply Company Limited

Annexure B

#### Report on Other Legal and Regulatory Requirements

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

and Regulatory Requirements" of our report of even date)

- (i) The company did not have any fixed assets during the financial year and consequently, clause ( i ) of paragraph 3 of the Order is not applicable,
- (ii) The company did not have any inventory and consequently, clause ( ii ) of paragraph 3 of the Order is not applicable.
- (iii) According to the information and explanations provided to us, the Company has not granted any secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and consequently, provisions of sub-clause (iii)(a), (b)&(c) of Paragraph 3 of the Order are not applicable.
- (iv) The Company has not given any loan, guarantee, security or made investment as stipulated under Sections 185 & 186 of the Companies Act & consequently, clause (iv) of Paragraph 3 of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits as per the provisions of the Companies Act, 2013 and consequently, directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder are not applicable.
- (vi) Provisions for maintenance of cost records as has been specified under Section 148 (1) of the Companies Act, 2013, are not applicable to the company as the company is not engaged in the distribution of electricity.
- (vii) (a) According to the information and explanations given to us, the liability related to Income Tax is being discharged by the Holding Company NTPC Ltd. as the entire operations of the company has been transferred to NTPC as of 1.4.15 ; please see para on



# Nemani Garg Agarwal & Co.

Chartered Accountants

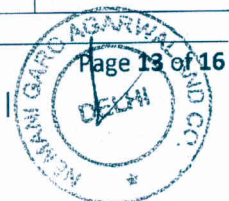
## INDEPENDENT AUDITOR'S REPORT

To the members of NTPC Electricity Supply Company Limited

'Emphasis of Matters' in our report above. However, no other undisputed Statutory Dues is pending as on 31 March 2019.

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

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





## Nemani Garg Agarwal & Co.

Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT

To the members of NTPC Electricity Supply Company Limited

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

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

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

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

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

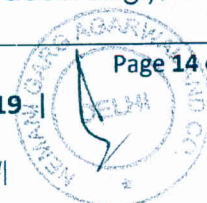
- (xi) The company has not paid or provided for the managerial remuneration during the financial year under audit ; accordingly, in our opinion and according to the information and explanations given to us, clause 3 (xi) of the Order is not applicable.

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

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

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

- (xv) The company has not entered into any non-cash transactions with any director or persons connected with him ; accordingly, in our



**Nemani Garg Agarwal & Co.**  
*Chartered Accountants*

**INDEPENDENT AUDITOR'S REPORT**

*To the members of NTPC Electricity Supply Company Limited*

opinion and according to the information and explanations given to us, clause 3 (xv) of the Order is not applicable.

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

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

**SK Nemani**  
Partner  
Membership no. 037222



Place : New Delhi  
Date : 20 May 2019



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

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

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

  
**SK Nemani**  
Partner  
Membership no. 037222  
Place : New Delhi  
Date : 20 May 2019



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

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

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

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

Place: New Delhi  
Dated: 15 July 2019

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