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एनटीपीसी
NTPC

ANNUAL ACCOUNTS

1999-2000

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National Thermal Power Corporation Limited
NTPC Bhawan, Core No 7, SCOPE Complex
7, Institutional Area, Lodhi Road
New Delhi 110003

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NATIONAL THERMAL POWER CORPORATION LIMITED

ACCOUNTING POLICIES

1. GRANTS-IN-AID

- Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as Capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.

- Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.

2. FIXED ASSETS

2.1 Fixed Assets are shown at historical cost.

2.2 Capital expenditure on Assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.

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

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

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

3. CAPITAL WORK-IN-PROGRESS

3.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.

3.2 Incidental Expenditure during Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto. Interest during Construction is apportioned on the average balance of Capital Work-in-Progress for the year.

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

3.4 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

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4. FOREIGN CURRENCY TRANSACTIONS

4.1 TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

4.1.1 Items of income and expenditure except depreciation are translated at average rate for the year. Depreciation is converted at the rates adopted for the corresponding fixed assets.

4.1.2 Current assets and liabilities are translated at the closing rates, and fixed assets are translated at the rates in force when the transaction took place.

4.1.3 All translation differences are recognised as income/expense during the year in which they arise.

4.2 OTHER FOREIGN CURRENCY TRANSACTIONS

4.2.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction

4.2.2 Foreign Currency loans/deposits/liabilities are reported with reference to the rates of exchange ruling at the year-end and the difference resulting from such translation as well as due to payment/discharge of liabilities in foreign currency related to Fixed Assets/Capital Work-in-Progress is adjusted in their carrying cost and that related to current assets is recognised as revenue/expenditure during the year.

5. INVENTORIES

5.1 Inventories, other than scrap, are valued at cost, on weighted average basis.

5.2 Steel scrap is valued at realisable value.

5.3 Value of scrap other than steel scrap is accounted for in the accounts as and when sold.

6. PROFIT AND LOSS ACCOUNT

6.1 INCOME RECOGNITION

a) Sale of energy is accounted for based on tariff rates notified/approved by the Government of India/ Central Electricity Regulatory Commission. In case of power stations where tariffs are yet to be notified/ revised/agreed with beneficiaries, provisional rates are adopted.

b) The incentives/disincentives are accounted for based on tariff notifications issued by the Government of India under Electricity (Supply) Act, 1948 or agreements with the beneficiaries. In cases where the same have not been notified, incentives/disincentives are accounted for on provisional basis.

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c) The surcharge on late/non-payment of dues by sundry debtors for sale of energy is not treated accrued due to uncertainty of its realisation and is, therefore, accounted for on receipt.

d) Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptances.

e) Income from Consultancy service is accounted for on the basis of actual progress/technical assessment of work executed.

6.2 EXPENDITURE

a) Depreciation is charged on straight line method as per rates prescribed under the Electricity (Supply) Act, 1948 as notified from time to time. In respect of assets, where rate has not been laid down under the aforesaid Act, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961.

b) Depreciation on fixed assets is provided from the year following that in which the assets become available for use.

c) Items of Plant and machinery with written down value of Rs. 5,000/- or less at the beginning of the year are fully depreciated.

d) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.

e) Capital expenditure referred to in Para 2.2 is amortised over a period of 4 years, from the year following the year in which the first unit of the project comes into commercial operation and thereafter from the year following the year in which the relevant asset has been completed and becomes available for use. However, such expenditure for community development in case of units fully under operation is charged off to revenue.

f) Leasehold buildings are amortised over the lease period or 30 years whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.

g) Expenses on training, recruitment and research and development are charged to revenue in the year of incurrence.

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h) Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to Capital Work-in-Progress in the case of projects.

i) Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.

j) Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.

k) Windage and handling loss of coal along with normal loss due to carpeting of coal is charged off to coal consumption. Loss of coal on carpeting during pre-commissioning period is, however, retained in stock of coal account and is charged off to consumption in the year of operation of the unit.

7. RETIREMENT BENEFITS

a) The liability for retirement benefits of employees in respect of Provident Fund and Gratuity (ascertained annually on actuarial valuation) are accrued and funded separately.

b) The liabilities for leave encashment and post retirement medical benefits to employees are accounted for on accrual basis based on actuarial valuation.

8. INVESTMENTS

Investments are intended for long term and are carried at cost.

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NATIONAL THERMAL POWER CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2000

Rs. in Lakhs

	SCHEDULE NO.		As at 31st March 2000	As at 31st March 1999
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	781254.94		771254.94
Reserves and surplus	2	1509785.30		1243332.02
			2291040.24	2014586.96
LOAN FUNDS	3			
Secured loans		242782.45		304844.76
Unsecured loans		764955.86		659403.02
			1007738.31	964247.78
			3298778.55	2978834.74
APPLICATION OF FUNDS				
FIXED ASSETS	4			
Gross Block		2847381.83		2521078.66
Less: Depreciation		1144030.47		929875.12
		1703351.36		1591203.54
Capital Work-in-Progress	5	415493.07		396188.29
Construction stores and advances	6	90034.08		67466.25
			2208878.51	2054858.08
Investments	7		90158.74	30430.94

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NATIONAL THERMAL POWER CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2000

Rs. in Lakhs

	SCHEDULE NO.			As at 31st March 2000	As at 31st March 1999
CURRENT ASSETS, LOANS AND ADVANCES	8				
Inventories		202268.73			187331.17
Sundry debtors		820907.38			733351.69
Cash and bank balances		56018.55			34822.59
Other current assets		190927.15			203602.98
Loans and advances		447962.75			300398.23
			1718084.56		**1459506.66**
LESS: CURRENT LIABILITIES AND PROVISIONS	9				
Liabilities		246836.03			211208.68
Provisions		472099.98			355167.98
			718936.01		**566376.66**
Net current assets				**999148.55**	**893130.00**
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	10			**592.75**	**415.72**
				3298778.55	**2978834.74**
Contingent liabilities	11				
Notes on accounts	18				

Schedules 1 to 18 and accounting policies form integral part of accounts.

(A. K. BAJPAIE)
Company Secretary

(C. P. JAIN)
Director (Finance)

(RAJENDRA SINGH)
Chairman & Managing Director

As per our report of even date

For VARDHAN & CO.
Chartered Accountants

(ABHA JAIN)
Partner

For S.K. MITTAL & CO
Chartered Accountants

(S. K. MITTAL)
Partner

For LAKSHMINIWAS & JAIN
Chartered Accountants

(LAXMINIWAS SHARMA)
Partner

For R. JAIN & CO
Chartered Accountants

Partner

For KISHORE & KISHORE
Chartered Accountants

Partner

Place : New Delhi
Date 28 th July 2000

28 JUL 2000

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

Rs.in Lakhs

	SCHEDULE NO.			For the Year Ended 31st March 2000	For the Year Ended 31st March 1999
INCOME					
SALES					
Energy		1601826.20			1397571.46
Electricity duty		6305.90			6640.39
			1608132.10		1404211.85
Energy internally consumed			2043.04		1525.40
Consultancy, project management and supervision fees (including turnkey construction project)			2145.88		2351.59
				1612321.02	1408088.84
Provisions written back	12 A			35248.01	154.65
Other income	12 B			70836.45	28888.50
				1718405.48	1437131.99
EXPENDITURE					
Generation, administration & other expenses	13	964167.33			801585.05
Depreciation		208544.46			198934.49
			1172711.79		1000519.54
Less: Incidental expenditure during construction-Expenses transferred to Capital Work-in-Progress	16 A		6321.08		6085.81
				1166390.71	994433.73
Electricity duty				6305.90	6640.39
Provisions	14			78903.00	34960.44
Prior period adjustments (Net)	17			5442.51	1193.33
				1257042.12	1037227.89

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

Rs.in Lakhs

	SCHEDULE NO.		For the Year Ended 31st March 2000	For the Year Ended 31st March 1999
Profit (before interest & finance charges)			**461363.36**	**399904.10**
Interest and finance charges	15	118438.26		121437.51
Less: transferred to Capital Work-in-Progress	16 B	20162.44		13141.06
			98275.82	**108296.45**
Profit for the year (before tax)			**363087.54**	**291607.65**
Provision for taxation		101746.22		137888.84
Less: Income tax recoverable		81111.96		127854.00
			20634.26	**10034.84**
Profit after tax			**342453.28**	**281572.81**
Balance brought forward from last year		14056.53		26257.96
Write back from Bonds redemption reserve		25000.00		35000.00
			39056.53	61257.96
			381509.81	342830.77
Transfer to Bonds Redemption Reserve			4003.09	6503.10
Transfer to Foreign Project Reserve				17.43
Transfer to Capital Reserve			339.13	103.71
Transfer to General Reserve			300000.00	250000.00
Proposed dividend				
Interim Dividend		30000.00		
Final Dividend		35000.00	65000.00	65000.00
Tax on proposed dividend			11000.00	7150.00
Balance carried over to Balance Sheet			**1167.59**	**14056.53**

(A. K. BAJPAI)
Company Secretary

(C. P. JAIN)
Director (Finance)

(RAJENDRA SINGH)
Chairman & Managing Director

As per our report of even date

For V. SONI & CO.
Chartered Accountants
(K. K. SONI)
Partner

For S. K. MITTAL & CO
Chartered Accountants
(S. K. MITTAL)
Partner

For LAKSHMINIWAS & JAIN
Chartered Accountants
(LAXMINIWAS SHARMA)
Partner

For B. C. JAIN & CO.
Chartered Accountants
(ABHA JAIN)
Partner

For KISHORE & KISHORE
Chartered Accountants
(R. K. MAHESHWARI)
Partner

Place : New Delhi
Date 28 th July 2000
28 JUL 2000

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SCHEDULE 1 - CAPITAL

Rs.in Lakhs

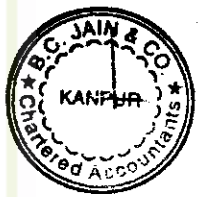
	As at 31st March 2000	As at 31st March 1999
AUTHORISED		
800,00,000 (Previous year 800,00,000) equity shares of Rs. 1,000/- each.	800000.00	800000.00
ISSUED, SUBSCRIBED AND PAID-UP		
781,25,494 (Previous year 771,25,494) equity shares of Rs. 1,000/- each fully paid up	781254.94	771254.94
	781254.94	771254.94













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