



# **NLC TAMILNADU POWER LIMITED**

**10<sup>th</sup> Annual Report  
2015 - 2016**

### **Vision**

"To strive for operational excellence in Power Generation and to emerge as environmental friendly and socially responsible leading Power Company".

### **Mission**

- i. To strive towards greater cost competitiveness and work towards continued financial strength;
- ii. To continually imbibe best practices from the best Indian and International Organisations engaged in Power Generation;
- iii. To play an active role in society and be sensitive to emerging environmental issues.

**CHAIRMAN**

Shri. Sarat Kumar Acharya

**DIRECTORS**

Shri. Rakesh Kumar

Shri. V. Thangapandian

Shri. P. Selvakumar

Shri. S.Sambathkumar

Shri. Mukesh Choudhary

**CHIEF EXECUTIVE OFFICER**

Shri. A.R. Neelakanta Pillai

**CHIEF FINANCIAL OFFICER**

Shri. V.N. Babu

**COMPANY SECRETARY**

Shri. R. Jayasarathy

**STATUTORY AUDITOR**

T.Selvaraj & Co.,  
Chartered Accountants,  
No.32 , Dewan Rama Road,  
Purasawalkam, Chennai - 600 084.

**SECRETARIAL AUDITOR**

Shri. R. Balasubramaniam,  
Practising Company Secretary,  
J Block, Second Street,  
"Newry Suprit", Door No.27,  
Flat No. A2, Anna Nagar East,  
Chennai - 600 102.

**REGISTERED OFFICE**

First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of  
Food Corporation of India,  
Chetpet, Chennai - 600 031.

**PRINCIPAL BANKERS  
&  
FINANCIAL INSTITUTIONS**

Bank of Baroda  
Bank of India  
Allahabad Bank  
Syndicate Bank  
Dena Bank  
Punjab & Sind Bank  
Indian Bank  
Corporation Bank  
Bank of Maharashtra  
Oriental Bank of Commerce  
State Bank of India  
Canara Bank  
Central Bank of India  
Power Finance Corporation Ltd.

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**DIRECTORS' REPORT FOR THE YEAR 2015-2016**

To

The Members,  
NLC Tamil Nadu Power Limited.

Your Directors have great pleasure in presenting the 10<sup>th</sup> Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2016.

**Project**

The Project is promoted by Neyveli Lignite Corporation Limited (NLC) and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) with equity participation in the ratio of 89:11.

The Ministry of Coal, vide letter No.4301/154/2006/CPAM dated 12.05.2008, has conveyed the Government of India approval for implementation of coal based 2x500 MW Thermal Power Project at Tuticorin at an estimated cost of Rs.4909.54 crore. The time schedule for commissioning of the project for Unit- 1 is within 46 months and Unit-2 within 51 months from the date of sanction. Revised Cost Estimate-I (RCE-I) of Rs.6,602.74 crore (June-2013 base) has been approved by the Government of India after considering the revised COD of Unit-1 & 2 in February, 2014 and May, 2014 respectively. The plant has achieved its commercial operation declaration (COD) during the year. i.e. Unit-1 on 18<sup>th</sup> June 2015 and Unit-2 on 29<sup>th</sup> August, 2015. Based on the actual date of COD of the Units, Revised Cost Estimate - II (RCE-II) of the project works out to Rs.7293.48 crore. (June-2015 price level) and the same has been approved by the Ministry of Coal vide Lr.No.43011/05/2013-CPAM dt. 27.04.2016.

**Power Generation**

Power generation details (MoU Target Vs Actual) for the financial year 2015-16 is furnished below:

	MoU TARGET	ACTUAL		
	Gross Generation	Gross Generation	Net Generation	PLF
Unit-1	3513.5 MU	1982.629 MU	1797.073 MU	45.14%
Unit-2	3513.5 MU	1672.783 MU	1516.226 MU	38.09%
Station	7027.0 MU	3655.412 MU	3313.299 MU	41.61%

Low PLF during the financial year was mainly due to delay in commissioning of the Units and the initial teething problem associated with the operation of the Units. Units operations are getting stabilised and during the period from January 2016 to March 2016, Unit-1 was operated at an average PLF of 83.80%.

**Status of Package Contracts**

Performance Guarantee Tests has been completed for Coal Handling System, Shore Unloader packages and the Chimney has been taken over from the contractor. In respect of Steam



Generator with ESP, Steam Turbine Generator, Ash Handling System, Circulating Water System & Cooling Towers, the Performance Guarantee Tests are yet to be carried out. Contracts for Roads & Drains, Maintenance buildings, Horticulture & Forestation works have already been awarded and Phase-II construction of Employees quarters contract has also been finalised.

### **Supply of Coal**

Fuel supply Agreement (FSA) has been signed with Mahanadi Coalfields Ltd. (MCL), on 24.09.2013 for the supply of 3.00 MTPA of coal. Regular supply of coal under FSA has been commenced since October, 2015 and MCL has supplied 6,69,515 Ton of coal as on 31.03.2016. The requirement of imported coal has also been tied up and the same is being purchased through e-procurement with e-reverse auction methodology, so as to reduce the cost of coal by creating global competition.

### **Fly Ash Disposal**

Fly Ash is being sold through e-Auction to Cement/Useful building materials Manufacturing Companies. Fly ash to Brick Manufacturers is being issued to free of cost as per Ministry of Environment and Forest (MoEF) guidelines.

### **Bottom Ash Disposal**

As of now, 100% bottom ash utilised for useful purposes like filling up of low lying area within the plant boundary. However Ash Dyke is proposed to be constructed as a permanent measure for the disposal of bottom ash.

### **Status of acquisition of Land for Ash Dyke**

Government of Tamil Nadu (GoTN) has accorded administrative sanction vide GO No.82 dt. 13.08.2013 to acquire the land to the extent of 286.21 acres in Melpandiapuram village, Ottapidaram Taluk, Tuticorin District, under the provisions of Tamil Nadu Industrial Purposes Act, 1997 (Act 10 of 1999) for the formation of Ash Dyke. While the activities for land acquisition were in motion, certain land owners were filed writ petitions before Madurai Bench of Honourable High Court, Madras and obtained an interim order restraining GoTN from issuing 3(1) notice under Tamil Nadu Land Acquisition for Industrial Purpose Act, 1997. When the case came up for hearing on 01.03.2016, the petitioners moved the court for settling the issue in the National Mega Lok Adalat and a common order has been passed in National Mega Lok Adalat. Reference has also been made to the State Government to expedite to issue of notice under Sec. 3(1) of Tamil Nadu Land Acquisition for Industrial Purpose Act, 1997.

### **Project Funding**

As per the prevalent norms, the project is to be funded with equity and debt in the ratio 30:70 respectively. As on 31<sup>st</sup> March, 2016 the total equity share capital of Rs.1962.27 crore has been subscribed by the Promoters viz., NLC and TANGEDCO in the ratio of 89:11. The Company has



availed Rupee Term Loan (RTL) from Bank of Baroda Consortium for Rs.2500 crore and Bank of India Consortium for Rs.937 crore and during the year, Rupee Term Loan of Rs.1184.92 crore has been tied up with Power Finance Corporation towards refinancing of bridge loan availed from NLC. During the year, Rs.125 crore repaid against BOB Consortium RTL, Rs.93.70 crore repaid against BOI Consortium RTL and Rs.56.25 crore repaid against Power Finance Corporation Ltd. The total debt portion outstanding as on 31<sup>st</sup> March, 2016 after repayment is Rs.4346.97 crore. Capital expenditure of Rs.410.04 crore has been incurred during the financial year 2015-16, aggregating to a total capital expenditure of Rs.6387.63 crore as on 31.03.2016. Project Asset capitalised as on 31.03.2016 is Rs.6807.04 crore including liabilities.

**Financial performance**

During the year ended 31<sup>st</sup> March, 2016, the Company has registered its first year of Power sales of Rs.1221.49 crore. Since it is first year of operation and commercial operation has commenced from 18<sup>th</sup> June, 2015 for Unit-1 and 29<sup>th</sup> August, 2015 for Unit-2 and plants have been under stabilisation, the Company has incurred loss during the year.

The Financial Results for the year 2015-16:

(Rs. in crore)

Sl. No.	Particulars	Amount
A	Total Revenue	1234.43
B	Total Expenditure	893.23
C	Gross Margin (A-B)	341.20
D	Depreciation	268.51
E	Finance Cost	317.31
F	Profit Before Tax (C-D-E)	(244.72)
G	Deferred tax	84.69
H	Profit After Tax (F-G)	(160.03)

**MoU Rating**

As per the DPE guideline, the Company has signed MoU with NLC (being the holding Company) for the year 2015-16. MoU rating achieved for the year is "FAIR" and this was mainly due to delay in commissioning of the Units before the anticipated targets.

**Solar Power**

The Board of Directors has accorded "in-principle" approval to install 200 MW Solar PV Power Project subject to techno-commercial viability of the project, in Melapandiyapuram, Paraikuttam and Muramman villages in Ottapidaram Taluk, Tuticorin District, Tamil Nadu and in this regard, Consultancy agency has been engaged for the preparation of Detailed Project Report (DPR) to ensure Techno-Commercial viability of the solar project which is under way.

**Power Allocation**

As per the Lr. No.SRPC/SE-I/54/Ua/2015/4593-602 dt. 26.06.2015 issued by the Southern Regional Power Committee, Bengaluru, the power share allocation for scheduling and billing are as follows:

<b>Beneficiary State / UT</b>	<b>MW</b>	<b>%</b>
Andhra Pradesh	133.18	13.32
Karnataka	179.13	17.91
Kerala	82.24	8.22
Tamil Nadu	439.02	43.90
Telangana	155.65	15.57
Puducherry	10.78	1.08
<b>Total</b>	<b>1000.00</b>	<b>100.00</b>

**Power Tariff**

Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998, determines the Power tariff for generating Companies owned or controlled by Central Government and generators selling power to more than one State. For your Company tariff petition for the period from the date of COD to 2019 has been filed with CERC and an interim order for Power Tariff was issued by CERC.

**Energy Conservation Programme**

Your Company in association with "The Institution of Engineers (India) - Tuticorin Local Centre" has organised a seminar on "Energy Conservation in Industries" on 29.03.2016.

**Risk Management**

Your Company has an approved Risk Assessment and Minimisation Procedure. The perceived potential risks along with mitigation measures are being periodically reviewed by the Board.

**Compliance under the Right to Information Act, 2005**

During the year 2015-16, there were eleven applications referred to the Company and the information sought were furnished in time and there were no appeals to the Commission against the information furnished.

**Safety**

The Company has taken many measures to maintain a safe working environment at work places viz. regular safety awareness training for contract workers, training programme for executives, routine inspection for safety and house-keeping at various work locations, mock drill for fire and rescue, monthly safety committee meetings to review the safety measures, display of safety sign boards. Further an external agency has been engaged for conducting safety auditing of the plant.

**Management Discussion & Analysis Report and Report on Corporate Governance**

The Management Discussion & Analysis Report is furnished in Annexure-1. The report on Corporate Governance together with Auditor Certificate on the compliance of Corporate Governance conditions stipulated as per DPE Guidelines on Corporate Governance are furnished in Annexure-2&3 respectively.



**Corporate Social Responsibility (CSR)**

Your Company has a CSR Policy in compliance with the provisions of Companies Act, 2013. During the year, an amount of Rs.24.30 lakh has been spent towards providing benches and desks to Government schools in Tuticorin District under CSR activity. As per requirements of the Companies Act, 2013, report on CSR activities is furnished in Annexure-4.

Further, as a part of CSR initiatives, it is proposed to provide benches & desks to various Government Schools in Tuticorin District at an estimated cost of Rs. 47.27 lakh.

**Particulars of Employee**

Particulars of employee as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - Nil.

**Extract of Annual Return**

The extract of Annual return in terms of Section 134(3) read with 92(3) of the Companies Act, 2013 is placed as Annexure-5.

**Loans, Guarantees and Investments**

During the year 2015-16, the Company has not granted any loan or guarantee or made any investments.

**Transfer to Reserves**

During the year 2015-16, no amount has been transferred to general reserve.

**Deposits**

During the year 2015-16, the Company has not accepted any deposits from the public.

**Statement of Annual Evaluation of Board, Committees and Individual Directors**

The performance of all Non-Executive/Part-time Directors appointed by the Promoter Companies / Government is being reviewed annually by the respective nominating authority as per their standard procedure. Generally, the performances of Independent Directors appointed by the Ministry are reviewed by the Government at the time of selection and further extension of their tenure. The Performance of the Company which includes the collective performance of the Board is reviewed by the Holding Company.

**Material Changes affecting financial position occurring between the date of Financial Statement and Directors' Report.**

There were no Material Changes affecting financial position occurring between the date of Financial Statement and Directors' Report.

**Sexual Harassment of Women at Workplace**

Employees of your Company are covered by the rules of the Holding Company, Neyveli Lignite Corporation Limited. In this regard, a separate Committee has been constituted by NLC Ltd. for looking into the Complaints relating to Sexual Harassment of Women at workplace. During the year 2015-16, no Complaints has been received by the said Committee as regards to your Company.

**AUDITORS****Statutory Audit**

M/s. T.Selvaraj & Co., Chartered Accountants, Chennai has been appointed as the Statutory Auditor of the Company by the Comptroller & Auditor General of India (C&AG), for the financial year 2015-16, under Section 139 of the Companies Act, 2013. The Board of Directors of the Company have fixed Rs. 1,75,000/- plus applicable service tax as the Statutory Audit fees for the year 2015-16 in addition to reimbursement of out of pocket expenses at actual.

**Secretarial Audit**

R.Balasubramaniam, Practising Company Secretary, Chennai was appointed as the Secretarial Auditor for the year 2015-16. The Secretarial Audit Report and reply to the observations of the Secretarial Auditor is furnished in Annexure-6.

**Internal Audit**

M/s.Senthilkumar & Sundararajan, Chartered Accountants, Sivakasi, has been appointed as the Internal Auditor of the Company for the financial year 2015-16.

**C&AG Comments**

C&AG Comments on the financial statements for the year ended 31<sup>st</sup> March, 2016 is furnished in Annexure-7.

**Directors' Responsibility Statement as per Section 134(3)(c) of the Companies Act, 2013**

The Board of Directors declares:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit and loss of the Company for that period;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors had prepared the annual accounts on a going concern basis and
- 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.

**Board of Directors**

Shri. S. Sambathkumar, Director representing TANGEDCO was inducted in to the Board of the Company with effect from 29.08.2015.

Shri. S. Rajagopal, Shri.B.Surender Mohan and Shri. S.Boopathy representing NLC as Ex-officio Directors on the Board of the Company have relinquished their office of Directors with effect from 01.09.2015, 01.10.2015 and 01.01.2016 respectively on attaining the age of superannuation.



## NLC TAMILNADU POWER LIMITED

Shri. V.Thangapandian, Director (Power)/NLC, Shri. Sarat Kumar Acharya, Chairman and Managing Director/NLC and Shri.P.Selvakumar, Director (Planning & Projects)/NLC, representing NLC as Ex-officio Directors have been inducted in to the Board as Additional Directors with effect from 01.09.2015, 01.10.2015 and 01.01.2016, respectively.

Shri. M.Rajkumar, Director representing Ministry of Coal had relinquished as a Director on the Board of the Company with effect from 22.02.2016.

Shri. S.Sathiyarayanan had relinquished as the Chief Executive Officer of the Company with effect from 01.05.2016, on attaining the age of superannuation and in his place Shri. A.R.Neelakanta Pillai has been appointed as the Chief Executive Officer of the Company with effect from 01.05.2016.

Shri. Mukesh Choudhary, Director representing Ministry of Coal has been inducted into the Board as an Additional Director with effect from 31.05.2016.

The Board places on record its appreciation for the valuable contribution made by Shri. S.Rajagopal, Shri. B.Surender Mohan, Shri. S.Boopathy and Shri.M.Rajkumar during their tenure as Directors on the Board of the Company. The Board also places on record its appreciation for the contribution made by Shri. S.Sathiyarayanan, during his tenure as Chief Executive Officer of the Company.

Shri. Rakesh Kumar, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

### **Acknowledgement**

The Board of Directors of your Company places on record their sincere appreciation for the continued support and guidance extended by the Neyveli Lignite Corporation Limited, TNEB Limited, TANGEDCO, V.O. Chidambaranar Port Trust, Ministry of Coal, Ministry of Power, Ministry of Environment & Forest, Ministry of Surface Transport, Ministry of Shipping and Transport, Ministry of Industry, Ministry of Labour, Central Electricity Authority, Central Electricity Regulatory Commission, State Electricity Boards and Beneficiaries of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Kerala and Puducherry, Financial Institutions, Consortium of Bankers, Mahanadhi Coalfields Limited, MSTC and other agencies.

The Board of Directors of your Company is pleased to acknowledge with gratitude, co-operation and continued support extended by the Government of TamilNadu, District Administration and the Statutory Authorities concerned. The Co-operation and support by the Comptroller and Auditor General of India, the Statutory Auditor, Secretarial Auditor, Internal Auditor, the Factory & Boiler Inspectorates, Director of Industrial Safety and Health, the Director of Boilers, Regional Labour Commissioner, Regional Provident Fund Commissioner and Central and State Pollution Control Boards need special mention and the Directors acknowledge the same. Your Directors wish to place on record their appreciation for the dedicated work putforth by the employees at all levels.

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

Place : Chennai  
Date : 09.07.2016

**SARAT KUMAR ACHARYA**  
**CHAIRMAN**



## **Management Discussion and Analysis Report**

### **Industry Structure and Development**

#### **Power**

Electricity is very essential constituent of infrastructure which has impact on the economic growth and welfare of the country. Power Sector in India has grown significantly since independence both in the installed electricity generating capacity by generating power through renewable & non-renewable sources, transmission and distribution system. The Demand for electric power continues to be in the increasing trend due to continuing demand of power for domestic and commercial purposes. The Government has evolved National Electricity policy for providing quality power to all users at an affordable cost and takes all possible measures to enhance the power generation by way of minimisation of transmission and distribution losses, optimum utilization of available resources. Apart from the above, various initiatives are being taken by the Government such as introduction of new technologies, techno-economic clearance of projects, design & engineering and dissemination of data, construction, monitoring and operation of projects, generation and transmission planning including green energy corridor.

The total power generation installed capacity has increased from 1362 MW (Year-1947) to 298059.97 MW as on 31.03.2016. The per capita electricity consumption which was 16.3 Kwh in 1947 has increased to 1010 Kwh in the year 2014-15.

The renewable power plants constituted 27.38% of total installed capacity and the remaining 72.62% for Non-Renewable Power Plants.

Coal based Thermal Power stations are contributing 62.12% of the total Installed capacity.

As per XII Plan the target for the capacity addition of power was fixed at 88537 MW as against which addition made upto March, 2016 was 84991MW, which is 95.99% of the target and Thermal Power capacity addition made upto March, 2016 was 80180 MW as against the target of 72340 MW.

The Government has desired to set an ambitious target of adding 1 lakh MW of solar power generation capacity by the year 2022 so as to meet the power requirements.

#### **Demand**

In our Country, during the year 2015-16 the power availability was 1090713 MU as against the requirement of 1114235 MU, with the deficit of 2.1% and in the peak hours the deficit was 3.2%, at the power supply deficit of 4903 MW. In Southern region, during the year 2015-16 the power availability was 283473 MU as against the requirement of 288004 MU with the deficit of 1.6% and in the peak hours the deficit was 1.4%, at the power supply deficit of 570 MW. Considering the GDP growth rate of 9% the working group on power for XII Plan has projected an energy demand of 1403 BU at the end of XII Plan (2016-17) and 1993 BU in the terminal year of XIII Plan (2021-22).

#### **Production**

During the year 2015-16, the aggregate all-India installed capacity of electric power generating stations was increased by 23976.60 MW. The electricity generation from all sources increased from 1048.67 BU in 2014-15 to 1107.38 BU in the year 2015-16 against target of 1137.50 BU with a overall growth rate of 5.60%.



## **SWOT Analysis**

### **Strength**

- The Company has a defined Vision, Mission.
- The Promoter Companies viz. Neyveli Lignite Corporation Ltd., (NLC) and Tamil Nadu Generation and Distribution Corporation Ltd., (TANGEDCO) have best exposure and expertise in implementation of operation and maintenance of Power Projects.
- Experienced Management team with committed and experienced work force.
- Continuous increase in per capita electrical power consumption.
- Good financial support.
- Commitment to protect the stakeholder's interest.

### **Weakness**

- Dependent on external suppliers for meeting the required Coal.

### **Opportunities**

- Thrust by Government of India for commitment to improve the quality of life of its citizens by providing adequate electricity to the requirement of rural & urban locations.
- Establishment of power Exchanges and unified Power Grid for ensuing better distribution of power from one region to another region.
- Development of power sector through renewable energy sources.
- Increase in the per capita consumption of power.
- Various concessions/reliefs to the power sector industries initiated by the Government of India, leads to accelerate the power generation in order to achieve the envisaged economic growth rate.
- Launch of smart cities mission by the Government of India.

### **Threat**

- Stringent norms being set by the Regulators.

### **Segment-Wise Performance**

Company is not a multi-segmented Company.

### **Outlook**

#### **Power**

##### **Coal based Thermal Power Project**

Your Company has established 2x500 MW Coal based Thermal Power Plant at Tuticorin in Tamil Nadu and commercial operation of Unit-1 & Unit-2 of the said Power Plant has been declared on 18.06.2015 and 29.08.2015 respectively. Capacity addition or establishment of new Power Projects will be considered at appropriate time. Your Company has planned to install Solar Power Project in the State of Tamil Nadu.

#### **Risks and Concerns**

- Stringent environmental norms prescribed by the respective authorities.
- Delay in acquisition of required land for Ash Dyke.
- Stringent operational norms prescribed by the Regulatory Authorities for the purpose of fixing the tariff.

**Internal control systems and their adequacy**

The Internal Audit is conducted by an external firm of Chartered Accountant covering all the areas of operations and the report is subject to review by the Audit Committee. The Company has adequate internal control systems and procedures commensurate with its size and nature of business. Audit Committee monitors the financial reporting process through review of periodical financial statements.

The adequacy of internal control systems has been monitored by the Audit Committee. Further, the accounts of the Company are subject to C&AG audit in addition to the propriety audit conducted by them.

**Power Tariff**

Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998, determines the Power tariff for generating companies owned or controlled by Central Government and generators selling power to more than one State. For your Company tariff petition for the period from the date of COD to 2019 was filed with CERC and in this regard an interim order was issued by CERC.

**Discussion on Financial Performance with reference to operational Performance**

Covered in the Main Report.

**Material developments in Human Resources and Industrial Relations front, including number of people employed.****Human Resource Development**

Human Resource is considered as the prime resources for the success of the organization and hence utmost priority is given for the development of Human Resource by conducting in-house and deputation training. The total manpower deployed in the total manpower deployed in the Company as on 31.03.2016 was 229.

**Industrial Relation**

Industrial relations scenario was generally cordial and peaceful during the year 2015-16.

**Cautionary Statement**

Statement in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates are forward looking statement and progressive within the meaning of the applicable laws and regulations. Actual results may vary from those expressed or implied depending upon the economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

for and on behalf of the Board of Directors

Place : Chennai  
Date : 09.07.2016

**SARAT KUMAR ACHARYA**  
**CHAIRMAN**



REPORT ON CORPORATE GOVERNANCE

Annexure-2

**Mandatory Requirements**

**Company's philosophy on Code of Corporate Governance**

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a corporate citizen adheres to the standards of good corporate governance in letter and spirit.

**Board of Directors**

The Board of Directors of your Company is headed by a Non-executive Chairman. The composition of Board of Directors of the Company as approved by the Government of India is as under:

i. Directors representing NLC in Ex-officio capacity	-	4
ii. Director representing Ministry of Coal	-	1
iii. Director representing TNEB (TANGEDCO)	-	1
iv. Independent Directors	-	3
a. Independent Director from NLC Board	-	1
b. Other Independent Directors	-	2
	Total	<u>9</u>

Present Composition of Board of Directors of the Company is not in conformity with the composition as approved by the Government of India since three Independent Directors (including one Independent Director from NLC Board) are required to be appointed on the Board of the Company. One Independent Director from the Board of NLC has been nominated as Independent Director on the Board of the Company and he will be appointed on the Board of the Company subject to issue of formal notification by the Ministry of Coal. The issue relating to the appointment of other two Independent Directors on the Board of the Company has been referred to the Ministry of Coal, the Administrative Ministry.

The particulars of Board of Directors as on 31<sup>st</sup> March, 2016 and other details are furnished as under:

Sl.No	Name (Sarvashri)	Other Directorships held as on 31.03.2016	Other Committee* Membership held as on 31.03.2016	
			As Member	As Chairman
	<b>Directors representing NLC</b>			
1	Sarat Kumar Acharya	2	-	-
2	Rakesh Kumar	2	1	1
3	V. Thangapandian	2	2	-
4	P. Selvakumar	2	-	-
	<b>Director representing TANGEDCO</b>			
5	S. Sambathkumar	5	-	-

\*Audit Committee and Stakeholders Grievance Committee.

**Management of Business & Board Procedure**

The day-to-day management of business and affairs of the Company is being administered by the Chief Executive Officer (CEO), who is not a member of the Board and he functions, subject to the superintendence, control and direction of the Board. The CEO has been delegated with certain administrative and financial powers by the Board of Directors. Any proposal beyond the powers of CEO and particularly major decisions involving high value capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments (other than Short-term Investments), borrowings and all policy decisions including policy relating to all personnel matters are decided only at the Meetings of the Board/Sub-Committee of the Board as the case be applicable.

**Date of Board Meetings and Directors' Attendance**

During the financial year 2015-2016 seven meetings of the Board of Directors were held on the following dates:

7<sup>th</sup> April 2015, 28<sup>th</sup> May 2015, 6<sup>th</sup> August 2015, 16<sup>th</sup> September 2015, 29<sup>th</sup> September, 2015  
17<sup>th</sup> December, 2015 and 11<sup>th</sup> February, 2016.

Generally, at least one Board Meeting is held in every three months and minimum four such meetings are held every year and the time gap between two board meetings did not exceed three months.

The details of attendance of Directors at the Board Meetings held during the financial year 2015-2016 are as under:

Name (Sarvashti)	No. of Meetings attended out of 7 held	Remarks
B.Surender Mohan	5	Relinquished w.e.f. 01.10.2015
Sarat Kumar Acharya	2	Inducted w.e.f. 01.10.2015
Rakesh Kumar	7	
S.Rajagopal	3	Relinquished w.e.f. 01.09.2015
V.Thangapandian	4	Inducted w.e.f. 01.09.2015
S.Boopathy	6	Relinquished w.e.f. 01.01.2016
P.Selvakumar	1	Inducted w.e.f. 01.01.2016
R.S.Alagappan	-	Relinquished w.e.f. 15.04.2015
T.V.K.Murugan	1	Inducted w.e.f. 15.04.2015 Relinquished w.e.f. 21.08.2015
Manoj Kumar Sharma	-	Relinquished w.e.f. 20.04.2015
M.Rajkumar	5	Inducted w.e.f. 13.05.2015 Relinquished w.e.f. 22.02.2016
S.Sambathkumar	3	Inducted w.e.f. 29.08.2015



**General Meeting Attendance**

Shri B.Surender Mohan, former Chairman, Shri Rakesh Kumar, Chairman/Audit Committee, Shri V.Thangapandian, Shri S.Sambathkumar, Directors and Shri S. Boopathy, Shri M.Rajkumar, former Directors, attended the last Annual General Meeting held on 29<sup>th</sup> September, 2015.

**Board Committees**

The following Sub-committees have been constituted by the Board of Directors.

**Sub-Committee of Board of Directors**

A Sub-Committee of Board of Directors has been constituted to accord approval for pre-qualification requirements (PQR) and technical specification in respect of various packages/purchases/works undertaken by the Company for implementation of the Project and also to accord approval for short-listing of tenders, qualification of bidders on PQR and techno-commercial conditions and also for placement of orders and entering into consultancy contracts as per the delegation granted by the Board. Presently, the Committee comprises Shri Sarat Kumar Acharya, as its Chairman and Sarvashri. Rakesh Kumar, S.Sambathkumar, V.Thangapandian and P.Selvakumar as its Members.

**Audit Committee**

Presently the committee comprises Sarvashri. Rakesh Kumar, V.Thangapandian, S.Sambathkumar and P. Selvakumar as its Members. In the absence of Independent Directors on the Board, the Committee could not be constituted in accordance with the requirements of Companies Act, 2013 and DPE Guidelines on Corporate Governance. On their appointment, the Committee will be reconstituted as per the requirements. The terms of reference of Audit Committee conform to the requirements of Section 177 of the Companies Act, 2013 and the DPE guidelines on Corporate Governance.

The details of attendance of Members at the Audit Committee Meetings of the Company held during the year 2015-2016 are as under:

<b>Name (Sarvashri)</b>	<b>No. of Meetings attended out of 4 held</b>	<b>Remarks</b>
<b>Chairman of the Committee</b>		
T.V.K.Murugan	1	Relinquished w.e.f. 21.08.2015
Rakesh Kumar	3	Inducted w.e.f. 19.09.2015
<b>Members</b>		
S.Boopathy	3	Relinquished w.e.f. 01.01.2016
S.Rajagopal	1	Relinquished w.e.f. 01.09.2015
V.Thangapandian	3	Inducted w.e.f. 01.09.2015
S.Sambathkumar	3	Inducted w.e.f. 29.08.2015
P.Selvakumar	1	Inducted w.e.f. 01.01.2016

Note : Company Secretary is the Secretary to the Audit Committee.

**Corporate Social Responsibility Committee**

Presently the Committee comprises Sarvashri. V.Thangapandian, Rakesh Kumar and S.Sambathkumar, Directors as its Members. The Company has the CSR policy for implementation of CSR activities. As stated earlier, in the absence of Independent Director on the Board, present Composition of Committee do not comply with the provisions of the Companies Act, 2013.

**Nomination and Remuneration Committee**

In terms of the requirement of Section 178(1) of the Companies Act, 2013 the Nomination and Remuneration Committee has been constituted with the terms of reference as notified in the Companies Act, 2013 limited to below Board Level employees only and DPE Guidelines for payment of Performance Related Pay (PRP).

Presently the Committee comprises Shri. Rakesh Kumar and Shri. V. Thangapandian and the present composition of the Committee do not comply with the requirements of Companies Act, 2013 and DPE Guidelines on Corporate Governance.

Presently the employees of NLC are transferred and posted in the Company and they are governed by the applicable rule of NLC including rules relating to payment of Performance Related Pay (PRP).

**Remuneration to Directors**

No Remuneration/Sitting Fee is being paid to any Part-time Official Directors. Except sitting fees of Rs.5,000/- for attending each Board/Committee Meeting, no other remuneration is being paid to the Independent Directors.

**Code of Conduct**

As required under the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, the Board of Directors of the Company have laid down a Code of Conduct applicable for all Board Members and Senior Management Personnel of the Company. In this regard a declaration signed by the Chief Executive Officer is reproduced below:

"I hereby confirm that all the Members of the Board and Senior Management Personnel to whom the Code of Conduct was applicable have affirmed compliance of the above code for the year ended 31<sup>st</sup> March, 2016".

**General Body Meetings**

The following are the details of General Meetings of the Company held in the last three years:

Year	Date and Time	Venue
AGM 2012-13	06.09.2013 – 17-00 hours	'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010.
EGM	17.12.2013 – 17-00 hours	Bhabha Hall, Scope Convention Centre, Scope Complex, Lodhi Road, New Delhi - 110 003.
AGM 2013-14	24.09.2014 – 10-00 hours	'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010.
AGM 2014-15	29.09.2015 – 10-00 hours	'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010.



## **General Shareholder information**

**AGM: Date, Day, time and Venue** 12<sup>th</sup> September 2016, Monday, 16.30 Hours,  
First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of Food Corporation of India,  
Chetpet, Chennai - 600 031.

## **Special Resolutions**

No Special Resolution was passed in the previous three Annual General Meetings. However at the Extra-Ordinary Meeting of the Company held on 17.12.2013, the following Special Resolutions were passed:

1. Alteration of Article 5 of Articles of Association for increase the authorised Capital to Rs.2500 crore.
2. Authorising the Board of Directors for Borrowings u/s 180(1)(c) of the Companies Act, 2013.
3. Authorising the Board of Directors for Mortgaging Assets to secure loans u/s 180(1)(a) of the Companies Act, 2013.

## **Disclosures**

### **Related Party Transactions**

During the year, the Company did not enter into any contracts/ arrangements/transactions with any related parties which are not at arm's length basis and no material contracts/arrangements were entered into with them at arm's length basis. No materially significant related party transactions were entered into that may have potential conflicts with the interest of the Company at large.

### **Other Disclosures**

No penalties, strictures have been imposed on the Company by any Statutory Authorities on any matters relating to any guidelines issued by the Government during the last three years.

### **Means of Communication**

Financial Statement is being reviewed by the Board represented by both the Promoters and hence requirement to send separate communication does not arise.

### **Plant Location**

Coal based Thermal Power Plant (2x500 MW) is situated at Harbour Estate, Tuticorin, Tamil Nadu.

### **Audit Qualification**

It is always the Company's endeavour to present unqualified financial statement.

### **Training of the Board Members**

The Directors on the Board are fully aware of the business module of the Company. No training programme was undertaken by the Company for the Directors during the year 2015-16.

### **Whistle Blower Policy**

The Company has formulated the Whistle Blower Policy which could provide adequate information to the employees with regard to implementation of vigilance mechanism in the Company and safeguard against victimisation of employees who avail of the mechanism.

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

**Place : Chennai**

**Date : 09.07.2016**

**SARAT KUMAR ACHARYA  
CHAIRMAN**



**T. SELVARAJ & CO.,**  
Chartered Accountants  
No.32, Dewan Rama Road, Purasawalkam, Chennai-600 084.

**CORPORATE GOVERNANCE CERTIFICATE**

To  
The Members,  
NLC Tamil Nadu Power Limited,

1. We have examined the compliance of conditions of Corporate Governance by NLC Tamil Nadu Power Limited for the year ended 31<sup>st</sup> March 2016 as stipulated in the Guidelines of Corporate Governance notified by Department of Public Enterprises (DPE) in respect of non-listed Central Public Sector Enterprises.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the guidelines notified by DPE. It is neither an audit nor an expression of opinion on the financial statement of the company.
3. Clause 3.1.4 of the DPE guidelines stipulates that at least 1/3<sup>rd</sup> of the Board members should be Independent Directors and clause 4.1.1 of the guidelines stipulates that 2/3<sup>rd</sup> of members of Audit committee shall be Independent Directors and further Clause 5.1 of the said guidelines stipulates that the Remuneration Committee should be headed by an Independent Director. Consequent to relinquishment of two independent Directors with effect from 05.08.2014, DPE Guidelines on the composition of Board of Directors of the Company with regard to Independent Directors, the composition of Audit Committee with quorum to have minimum two Independent Directors and the composition of Remuneration Committee with regard to Independent Directors have not been complied with.
4. Subject to our observation in Para (3) as above, in our opinion and to the best of information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Guidelines of Corporate Governance notified by the DPE.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For T. Selvaraj & Co.,**  
Chartered Accountants  
Firm Regn. No. 003703S

**RM. Swaminathan**  
Partner  
Membership Number. 203520

Place : Chennai  
Date : 23.05.2016



**NLC TAMIL NADU POWER LIMITED**

**Corporate Social Responsibility (CSR) Report**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

The CSR Policy of the Company aims for the betterment of the communities and in the local areas and area surrounding where it operates, it is proposed to spend around 75% of CSR Budget within Tamil Nadu and rest 25% anywhere in India. The CSR fund will be created as per the provisions of the Companies Act, 2013 i.e at least two percent (or the percentage may be fixed by the Govt. from time to time) of the average net profit of the Company made during the three preceding financial years. The CSR policy and activities are subject to the provisions of the Companies Act, 2013 and DPE guidelines in this regard. The Broad activities under CSR will be in consonance with schedule VII of Companies Act, 2013. The key stake holders namely State/District Administration/local bodies and other agencies concerned will be regularly consulted to make the activities meet local needs. The CSR committee will monitor the implementation of CSR projects. The CSR policy and activities will be displayed in the website of the Company.

- 2. The Composition of the CSR Committee**

The CSR committee of the Board of Directors during 2015-16 was as under:

1. Shri. V. Thangapandian
2. Shri. Rakesh Kumar
3. Shri. S.Sambathkumar

- 3. Average net profit of the Company for last three financial years**

Thermal Plant Unit-1 and Unit-2 were commissioned on 18.06.2015 and 29.08.2015 respectively during the financial year 2015-16 and hence not applicable.

- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

Not applicable, however CSR activity in connection with Promoting Education under Schedule VII of The Companies Act, 2013 was carried out.

- 5. Details of CSR spent during the financial year : Rs. 24,30,102/-**

- a) Total amount to be spent for the financial year : Rs.4,00,00,000/-
- b) Amount unspent, if any : Rs.3,75,69,898/-



c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was under taken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Over heads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1	Providing of Benches & Desks to Govt. Schools	Promoting Education under subsection ii of schedule VII of the Companies Act, 2013.	Thoothukudi, Tamil Nadu	Rs.25,00,000 (Rupees twenty five lakhs only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)
	Total			Rs.25,00,000 (Rupees twenty five lakhs only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)	Rs.24,30,102 (Rupees twenty four lakhs thirty thousand one hundred and two only)

\*Give details of implementing agency - NTPL directly procured the items and distributed to the Government Schools identified by the Chief Education Officer, Thoothukudi.

6. In case of Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board Report : NA.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Sd/- xx xx xx  
**CHIEF EXECUTIVE OFFICER**

Sd/- xx xx xx  
**CHAIRMAN / CSR COMMITTEE**



**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31-03-2016**

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U40102TN2005GOI058050
- ii) Registration Date : 18/11/2005
- iii) Name of the Company : NLC TAMILNADU POWER LIMITED
- iv) Category / Sub-Category of the Company : Government Company
- v) Address of the Registered office and contact details :

Address	First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet.
Town / City	Chennai
State	Tamil Nadu
Pin Code:	600 031
Country Code	IN
Telephone	044 - 28364613-14
Fax Number	044 - 28364619
Email Address	cosec.ntpl@nlcindia.com
Website	www.ntplpower.com

vi) Whether listed Company : No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Power	35102	98.95%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	Neyveli Lignite Corporation Limited, First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.	L93090TN1956GOI003507	Holding Company	89%	2 (46)



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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp*		1694400000	1694400000	100	-	1962272727	1962272727	100	-
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1):-		1694400000	1694400000	100	-	1962272727	1962272727	100	-
(2) Foreign									
a) NRIs -Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-		1694400000	1694400000	100	-	1962272727	1962272727	100	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)		1694400000	1694400000	100	-	1962272727	1962272727	100	-

\* includes 800 equity shares held by nominees on behalf of Promoter Companies.

<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) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-		0	0	0	-	0	0	0	0
<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) Individual shareholders holding nominal share capital in excess of Rs.1 lakh									
c) Others (specify)									
Sub-total (B)(2):-		0	0	0	-	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)		0	0	0	-	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs		0	0	0	-	0	0	0	0
Grand Total (A+B+C)		1694400000	1694400000	100	-	1962272727	1962272727	100	-



**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in 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	Neyveli Lignite Corporation Limited	1508016000	89	-	1746422727	89	-	-
2	Tamilnadu Generation and Distribution Corporation Limited	186384000	11	-	215850000	11	-	-
	<b>Total</b>	<b>1694400000</b>	<b>100</b>	<b>-</b>	<b>1962272727</b>	<b>100</b>	<b>-</b>	<b>-</b>

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

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	1694400000	100	1694400000	100
2.	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc).	135000000 (Date - 28.05.2015)	100	135000000	100
		132872727 (Date - 16.09.2015)	100	<u>132872727</u> <u>267872727</u>	100
3.	At the end of the year	1962272727	100	1962272727	100

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

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



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Directors</b>				
	Shri. B. Surender Mohan At the beginning of the year	100	-	100	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus / sweat equity etc).	NA			
	Shri. Sarat Kumar Acharya At the end of the year (as on 31.03.2016)	100	-	100	-
	Shri. Rakesh Kumar At the beginning of the year	100	-	100	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc).	NA			
	At the end of the year (as on 31.03.2016)	100	-	100	-
	Shri. S. Rajagopal At the beginning of the year	100	-	100	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc).	NA			
	Shri. V. Thangapandian At the end of the year (as on 31.03.2016)	100	-	100	-
	Shri. S. Boopathy At the beginning of the year	100	-	100	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc).	NA			
	Shri. P. Selvakumar At the end of the year (as on 31.03.2016)	100	-	100	-

\* Shares are held in the name of Directors on behalf of NLC Ltd., the promoter Company.  
No KMP is holding any shares in the Company.



**V. INDEBTEDNESS**

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

Rs.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3437,00,00,000	980,52,00,000	0.00	4417,52,00,000
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>3437,00,00,000</b>	<b>980,52,00,000</b>	<b>0.00</b>	<b>4417,52,00,000</b>
<b>Change in indebtedness during the financial year</b>				
-Addition*	1706,57,20,940	320,00,00,000	0.00	2026,57,20,940
-Reduction	274,95,00,000	980,52,00,000	0.00	1255,47,00,000
<b>Net Change</b>	<b>1431,62,20,940</b>	<b>(660,52,00,000)</b>	<b>0.00</b>	<b>771,10,20,940</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount*	4868,62,20,940	320,00,00,000	0.00	5188,62,20,940
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>4868,62,20,940</b>	<b>320,00,00,000</b>	<b>0.00</b>	<b>5188,62,20,940</b>

\* Including working capital

**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	0.00	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweet Equity	0.00	0.00	0.00	0.00
4.	Commission				
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total (A)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Ceiling as per the Act	NA	NA	NA	NA



**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

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

To,  
The Members,  
NLC Tamil Nadu Power Limited.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NLC Tamil Nadu Power Limited** (CIN: U40102TN2005GOI058050) (here in after called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and rules made thereunder;  
**(Not applicable to the Company during the Audit period)**
- (iii) The Depositories Act, 1996 and regulations and bye-laws framed thereunder;  
**(Not applicable to the Company during the Audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct and External Commercial Borrowings; **(Not applicable to the Company during the Audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take overs) Regulations, 2011; **(Not applicable to the Company during the Audit period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the Audit period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**



B. Remuneration to other Directors						Rs.
Sl.No.	Particulars of Remuneration	Name of Directors				Total Amount
		-	-	-	-	
1.	Independent Directors					
	• Fee for attending board/ committee meetings	0.00	0.00	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
2.	Other Non-Executive Directors					
	• Fee for attending board/ committee meetings	0.00	0.00	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total (B)=(1+2)</b>	<b>0.00</b>	<b>0.00</b>			
	<b>Total Managerial Remuneration</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Overall Ceiling as per the Act</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

**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				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32,54,537	20,30,790	20,82,045	73,67,372
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	94,172	31,786	8,005	1,33,963
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00
4.	Commission				
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00	0.00
5.	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>33,48,709</b>	<b>20,62,576</b>	<b>20,90,050</b>	<b>75,01,335</b>

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

for and on behalf of the Board of Directors

Place : Chennai  
Date : 09.07.2016

SARAT KUMAR ACHARYA  
CHAIRMAN



- (d) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit period)**
- (e) The Securities and Exchange Board of India (Issue and Listing of debt securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit period).**

I further report that the following are the other laws specifically applicable to the Company:

1. Indian Electricity Act 2003.
2. Indian Electricity Rules 1956.

I further report that the applicable financial laws, such as the Direct and Indirect Tax Laws, have not been reviewed under my audit as the same falls under the review of statutory audit and by other designated professionals.

I have also examined the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable from 01.07.2015).
- (ii) Guidelines on Corporate Governance as issued by the Department of Public Enterprises applicable to Central Public Sector Enterprises.

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

1. **The Company had no women director(s) on its Board as required under the second proviso of sub-section 1 of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.**
2. **The Board is constituted with Non-Executive Directors and the requirement to have requisite numbers of Independent Directors on the Board as per provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance has not been complied with.**
3. **The requirement to have requisite numbers of Independent Directors as the members of Audit Committee as per the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance has not been complied with.**
4. **The requirement to have an Independent Director as the Chairman of the Audit Committee as per the DPE guidelines on Corporate Governance had not been complied with.**



- 5. The Nomination and Remuneration Committee did not have Independent Director(s) as per the requirements of Companies Act, 2013 and DPE guidelines on Corporate Governance.**
- 6. The Corporate Social Responsibility Committee did not have an Independent Director as per the requirements of Companies Act.**
- 7. Holding of separate meeting of Independent Directors and performance evaluation of Independent Directors as per provisions of Companies Act, 2013 has not been complied with.**
- 8. In the absence of Independent Directors in the Audit Committee the requirement of having the quorum as prescribed in the Companies Act, 2013 and DPE guidelines on the Corporate Governance in respect of the meetings has not complied with.**

I further report that:

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting and other business which are not included in the Agenda are considered vide supplementary agenda subject to consent of the Board of Directors.

All the decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report based on the written representations received from the officials/executives of the Company that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Chennai  
Date : 09.05.2016

**R. Balasubramaniam**  
Practicing Company Secretary  
FCS No. 2397  
C. P. No. 1340

**Reply to the observation of the Secretarial Auditor**

Sl. No	Auditor's Observations	Company's Reply
1.	The Company has no women director(s) on its Board as required under the second proviso of sub-section 1 of Section 149 of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.	The Company is a Government Company and appointment of Directors (other than Directors representing in ex-officio capacity of the promoters Companies) is made by the Ministry of Coal, Government of India, the administrative Ministry. Hence the power to appoint Directors including a Woman Director vests with Government of India. In this regard Ministry of Coal has been apprised of the requirements prescribed under the Companies Act, 2013 and has been requested to appoint a Woman Director on the Board of the Company.
2.	The Board is constituted with Non-Executive Directors and the requirement to have requisite numbers of Independent Directors on the Board as per provisions of Companies Act 2013 and DPE guidelines on Corporate Governance has not been complied with.	For the reasons stated above, the issue relating to the appointment of the required number of Independent Directors on the Board of the Company has been referred to Ministry of Coal, the administrative Ministry and the appointment is in process. On appointment of required independent Directors on the Board, the requirement as prescribed would be complied with.
3.	The requirement to have requisite numbers of Independent Directors as the members of Audit Committee as per the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance has not been complied with.	In the absence of Independent Directors on the Board, the requirements as prescribed could not be complied with. On appointment of required Independent Directors on the Board, the Committee would be reconstituted as per the prescribed requirements.
4.	The requirement to have an Independent Director as the Chairman of the Audit Committee as per the DPE guidelines on Corporate Governance has not been complied with.	In the absence of Independent Directors on the Board, the requirements as prescribed could not be complied with. On appointment of required Independent Directors on the Board, prescribed requirements would be complied with.
5.	The Nomination and Remuneration Committee did not have Independent Director(s) as per the requirements of Companies Act, 2013 and DPE guidelines on Corporate Governance.	In the absence of Independent Directors on the Board, the requirements as prescribed could not be complied with. On appointment of required Independent Directors on the Board, the Committee would be reconstituted as per the prescribed requirements.
6.	The Corporate Social Responsibility Committee did not have an Independent Director as per the requirements of Companies Act.	In the absence of independent Directors on the Board, the requirements as prescribed could not be complied with. On appointment of required Independent Directors on the Board, the Committee would be reconstituted as per the prescribed requirements.
7.	Holding of separate meeting of Independent Directors and performance evaluation of Independent Directors as per provisions of Companies Act,2013 has not been complied with.	In the absence of Independent Directors on the Board, the requirements as prescribed could not be complied with.
8.	In the absence of Independent Directors in the Audit Committee the requirement of having the quorum as prescribed in the Companies Act, 2013 and DPE guidelines on the Corporate Governance in respect of the meetings has not complied with.	On appointment of required independent Directors on the Board, the requirements as applicable to the Company would be complied with.

**for and on behalf of the Board of Directors**Place : Chennai  
Date : 09.07.2016**SARAT KUMAR ACHARYA  
CHAIRMAN**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NLC TAMILNADU POWER LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016.**

The preparation of financial statements of NLC Tamilnadu Power Limited for year ended 31<sup>st</sup> March, 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23.05.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of NLC Tamilnadu Power Limited for the year ended 31<sup>st</sup> March, 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report.

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

Place : Chennai  
Date : 22.07.2016

**(G. SUDHARMINI)**  
**Principal Director of Commercial Audit and  
Ex-Officio Member Audit Board, Chennai**

**T. SELVARAJ & CO.,**

Chartered Accountants, No.32, Dewan Rama Road, Purasawalkam, Chennai-600 084.

**INDEPENDENT AUDITOR'S REPORT****To****The Members of NLC TAMILNADU POWER LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of NLC Tamilnadu Power Limited, (herein after referred to "the Company") which comprises the Balance Sheet as at March, 31 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for 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 the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss, and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As per the directions and sub-directions issued by the Comptroller and Auditor General of India, in pursuance to Section 143(5) of the Act, we give in the Annexure 'B', a statement on the matters specifically so directed.
3. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representation received from the Directors of the Company as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2016, 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 'C'; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 in its financial statements - Refer Note no. 24 to the financial statements.
    - ii) The Company does not have any material foreseeable losses on long-term contracts.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For T. Selvaraj & Co.,**  
Chartered Accountants  
Firm Regn. No. 003703S

Place : Chennai  
Date : 23.05.2016

**RM. Swaminathan**  
Partner  
Membership Number. 203520



**T. SELVARAJ & CO.,**

Chartered Accountants, No.32, Dewan Rama Road, Purasawalkam, Chennai-600 084.

**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT**

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2016, we report that:**

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. The Company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification.  
c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of leasehold land, lease agreement is held in the name of the Company.
2. The management has conducted physical verification of inventories at reasonable intervals and no material discrepancies were noticed.
3. The Company has not granted any loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. The Company has not given/made any loans, investments, guarantees and securities requiring compliance with Section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public during the year.
6. The maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the companies Act, 2013 is not applicable since the company's turnover in the immediately preceding financial year is less than the limits prescribed.
7. a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident fund, Income tax, Service tax, Value Added Tax, Excise duty with the appropriate authorities except for Buiding and Other Construction Workers Welfare Cess (BOCW cess) withheld from the contractors which has not been deposited with the appropriate authorities. We were informed that under the BOCW Cess Act, contractors, being the employer, are responsible for the payment of cess and as a matter of precaution, the cess amount has been withheld from the payment made to contractors. According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service tax, Value added tax, Excise duty were in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they become payable except for BOCW cess of Rs.1,246.64 lakhs as mentioned above.  
b. According to the information and explanation given to us, there are no material dues of VAT, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute except for Income tax liability amounting to Rs.108.06 lakhs for the Assessment year 2013-14 for which an appeal has been filed by the Company before Commissioner of Income tax (Appeals), Chennai.
8. The Company has not defaulted in repayment of dues to banks.
9. The Company did not raise any money by way of intial public offer or further public offer (including debt instruments) during the year. The terms loans were applied for the purpose for which the loans are obtained.
10. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.



11. No Managerial remuneration has been paid or provided during the year.
12. The Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph, 3(xv) of the order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For T. Selvaraj & Co.,  
Chartered Accountants  
Firm Regn. No. 003703S

Place : Chennai  
Date : 23.05.2016

RM. Swaminathan  
Partner  
Membership Number. 203520

**T. SELVARAJ & CO.,**

Chartered Accountants, No.32, Dewan Rama Road, Purasawalkam, Chennai-600 084.

**ANNEXURE-B REFERRED TO IN OUR REPORT OF EVEN DATE**

**M/s. NLC TAMILNADU POWER LIMITED COMPANY OR SECTOR SPECIFIC DIRECTIONS  
SUB-DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.**

1. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which the title/lease deeds are not available.

**The Company has lease deed for leasehold land.**

2. Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.

**There are no cases of waiver / write off of debts / loans / interest etc., during the year under audit.**

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government, or other authorities.

**No inventories lying with third parties & no assets were received as gift from Government or other Authorities.**

For T. Selvaraj & Co.,  
Chartered Accountants  
Firm Regn. No. 003703S

Place : Chennai  
Date : 23.05.2016

RM. Swaminathan  
Partner  
Membership Number. 203520



**T. SELVARAJ & CO.,**

Chartered Accountants, No.32, Dewan Rama Road, Purasawalkam, Chennai-600 084.

**ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT**

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

- 1) We have audited the internal financial controls over financial reporting of **NLC Tamilnadu Power Limited (the Company)** as at 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility of Internal Financial Controls**

- 2) The Management of the Company 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial control 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 ('the Act').

**Auditor's Responsibility:**

- 3) Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls Over Financial Reporting ('the Guidance note') and the Standards on Auditing ('the Standards), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.
- 4) Our audit involves, performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operational effectiveness. Our audit of Internal financial controls over financial reporting included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.



- 5) 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**

- 6) 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;
- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
  - 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 the management and directors of the Company; and
  - 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.

#### **Inherent Limitation of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

- 8) 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 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on audit of Internal Financial Controls issued by the ICAI.

**For T. Selvaraj & Co.,**  
Chartered Accountants  
Firm Regn. No. 003703S

Place : Chennai  
Date : 23.05.2016

**RM. Swaminathan**  
Partner  
Membership Number. 203520



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

(Rs.in lakh)

Sl. No.	Particulars	Note No.	As at	
			31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1.Shareholders' Fund</b>			
	(a) Share Capital	2	195227.27	169440.00
	(b) Reserves and Surplus	3	(16007.19)	(4.12)
	<b>2. Share Application money pending for allotment</b>	4	0.00	12015.00
	<b>3.Non-Current Liabilities</b>			
	(a) Long Term Borrowings	5	388446.00	321830.00
	(b) Other Long Term Liabilities	6	44088.35	53191.32
	<b>4.Current Liabilities</b>			
	(a) Short Term Borrowings	7	84165.21	98052.00
	(b) Trade Payables		20208.47	553.11
	(c) Other Current Liabilities	8	53774.22	26814.34
	<b>Total</b>		<b>770902.33</b>	<b>681891.65</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1.Non-Current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	9	652020.81	7272.34
	(ii) Intangible Assets	9	0.00	0.00
	(iii) Capital Work-in-Progress	10	7795.36	655813.88
	(b) Deferred Tax Asset (Net)	11	8469.46	0.00
	(b) Long Term Loans & Advances	12	480.35	1002.12
	<b>2.Current Assets</b>			
	(a) Inventories	13	21428.31	
	(b) Trade Receivables	14	72696.17	
	(c) Cash and cash Equivalents	15	228.42	11598.78
	(d) Short Term Loans and Advances	16	7783.45	6204.53
	<b>Total</b>		<b>770902.33</b>	<b>681891.65</b>

The Notes referred above and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

R. JAYASARATHY  
COMPANY SECRETARY

V.N.BABU  
CHIEF FINANCIAL OFFICER

RAKESH KUMAR  
DIRECTOR

SARAT KUMAR ACHARYA  
CHAIRMAN

Place : Neyveli

Date: 21.05.2016

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

For T.Selvaraj & Co.,  
Chartered Accountants  
Firm Regn.No.003703S

RM.Swaminathan  
Partner  
M.No.203520

Place : Chennai

Date : 23.05.2016



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (Rs. in lakh)**

Sl. No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
I	REVENUE FROM OPERATIONS	17	122796.69	0.00
II	OTHER INCOME	18	646.41	0.00
III	TOTAL REVENUE		123443.10	0.00
IV	EXPENSES			
	Fuel	19	80990.17	0.00
	Employees' Benefit Expenses	20	3637.20	0.00
	Finance Cost	21	31731.10	0.00
	Depreciation and Amortisation Expenses	22	26861.75	0.00
	Other Expenses	23	4695.41	0.00
V	TOTAL EXPENSES		147915.63	0.00
VI	PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		(24472.53)	0.00
	Exceptional Items		0.00	0.00
VII	PROFIT BEFORE TAX		(24472.53)	0.00
VIII	TAX EXPENSES			
	Current Tax		0.00	0.00
	Deferred Tax		(8469.46)	0.00
	TOTAL TAX EXPENSES		(8469.46)	0.00
IX	PROFIT/(LOSS) FOR THE YEAR		(16003.07)	0.00
X	Earnings per share			
	Basic and diluted (in Rs.)		(0.85)	0.00

The Notes referred to above and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.

For and on behalf of the Board

**R. JAYASARATHY**  
COMPANY SECRETARY

**V.N.BABU**  
CHIEF FINANCIAL OFFICER

**RAKESH KUMAR**  
DIRECTOR

**SARAT KUMARACHARYA**  
CHAIRMAN

Place : Neyveli

Date: 21.05.2016

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

For T.Selvaraj & Co.,  
Chartered Accountants  
Firm Regn.No.003703S

**RM.Swaminathan**  
Partner  
M.No.203520

Place : Chennai

Date : 23.05.2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (Rs.in lakh)**

Particulars	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(i) Net Profit before Tax	(24472.53)	0.00
(ii) Adjustments for :		
Add : Depreciation	26887.44	0.00
Interest	45915.71	0.00
Less: Interest Income	(557.27)	0.00
(iii) Operating Profit before Working Capital Changes	47773.35	0.00
(iv) Working Capital Changes		
Increase in Inventory	(21428.31)	0.00
Increase in Trade Receivables	(72696.17)	0.00
Increase in Short term loan and advances	(1578.92)	0.00
Increase in Current Liabilities	26959.88)	0.00
Increase in Trade Payables	19655.37	
(v) Cash flow before taxes and extraordinary items	(1314.80)	0.00
(vi) Extraordinary items	0.00	0.00
(vii) Taxes Paid	0.00	0.00
<b>(viii) Net Cash flow from operations</b>	<b>1314.80</b>	<b>0.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) Purchase of Fixed Assets	(671635.91)	(291.69)
(ii) Change in Capital Work-in-Progress	648018.52	(50482.44)
(iii) Interest Received	557.27	704.67
<b>Net Cash flow from investing activities</b>	<b>(23060.12)</b>	<b>(50069.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Long Term Loan borrowed	66616.00	0.00
(ii) Short Term Loan repaid	(13886.79)	77612.00
(iii) Issue of Equity Shares	26787.27	22240.00
(iv) Transfer of Share Application money pending Allotment to share capital	(12015.00)	3255.00
(v) Interest Paid	(45915.71)	(42376.85)
(vi) Repayment of long term liabilities	(9102.97)	0.00
(vii) Decrease in long term loans & advances	521.77	
<b>Net Cash flow from financing activities</b>	<b>13004.57</b>	<b>60730.15</b>
<b>Net Cash increase / (decrease) in Cash and Cash Activities</b>	<b>(14370.36)</b>	<b>10660.69</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>11598.78</b>	<b>938.09</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>228.42</b>	<b>11598.78</b>

Note: ( ) indicates cash outflow.

For and on behalf of the Board

R. JAYASARATHY  
COMPANY SECRETARYV.N.BABU  
CHIEF FINANCIAL OFFICERRAKESH KUMAR  
DIRECTORSARAT KUMARACHARYA  
CHAIRMAN

Place : Neyveli

Date: 21.05.2016

This is the Cash Flow Statement referred to in our report of even date.

For T.Selvaraj & Co.,  
Chartered Accountants  
Firm Regn.No.003703SRM.Swaminathan  
PartnerPlace : Chennai  
Date : 23.05.2016

M.No.203520



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31.03.2016**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The Significant Accounting policies followed by the Company are as stated below:-

**I. Basis of Accounting**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified) and Electricity Act, 2003 to the extent applicable.

**II. Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialise.

**III. Valuation of Inventories**

Inventories are valued at lower of, cost determined on weighted average basis and net realizable value.

Goods in Transit are valued at cost.

Waste products, used belts reconditioned stores & spares discarded for disposal and canteen stores are taken at Nil value.

**IV. Significant Events Occurring After the Balance Sheet Date**

Treatment of contingencies and significant events are in accordance with Accounting Standard-4. For this purpose, event having an effect of Rs.1 crore and above in value is considered as significant.

**V. Prior Period and Extra-ordinary Items**

Prior Period and Extra-ordinary items are accounted in accordance with Accounting Standard-5. Transactions arising out of errors or omissions exceeding Rs.1 crore in each case considered as material are accounted under Prior Period Transactions. Extra-ordinary items of value exceeding Rs.1 crore in each case are considered as material and accounted for under Extra-ordinary items. Prior Period / Extra-ordinary items are not considered for stock valuation purposes.



**VI. Depreciation**

1. Depreciation is provided for under straight-line method as indicated below:

Description of Assets	Basis
A) Assets of the Thermal Power Stations excluding vehicles.	The Company follows the provisions of the Electricity Act, 2003. The rates are prescribed by Central Electricity Regulatory (CERC) pursuant to the provisions of Electricity Act, 2003 in accordance with Part B to Schedule II of the Companies Act, 2013.
B) Residential Buildings - Class III.	At rates prescribed by the Department of Public Enterprises
C) Buildings: Non-Residential Building Plant & Machinery: Workshop machinery and Civil Construction machinery. Furniture and Equipments	At technically assessed rates arrived based on estimated useful life of the assets.
D) Other Assets	Based on the useful life prescribed in Schedule II of the Companies Act, 2013.

Rates under (B) and (C) above are followed so long as they are higher than the rate cover under base (D).

2. Fixed Assets relating to Research and Development are depreciated in a like manner as any other fixed asset of the Company.
3. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed in line with the industry practice and policy of the Company.
4. Asset costing less than Rs. 5,000/- are fully depreciated in the year in which they are put to use.
5. Machinery Spares:  
Initial spares purchased along with fixed assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the fixed assets costing Rs.50 lakhs and above which can be used only in connection with an item of fixed asset and whose usage are expected to be irregular are fully depreciated over the residual use life of the fixed assets and if the spare is utilized, the carrying cost is fully charged as depreciation in the year of utilisation.
6. Leasehold Land are amortised over the period of lease.

**VII. Revenue Recognition**

1. Sale of power is accounted for by following Electricity Act, 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the



Electricity Act, 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of relevant CERC's norms and parameters for capacity charges, are adopted.

2. Claim towards insurance, surcharge on belated settlement of power bills and interest are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realisation as the case may be.
3. Cash discounts for prompt payments are accounted as and when the related dues are settled.

#### **VIII. Fixed Assets**

1. Fixed Assets are stated at historical cost less accumulated depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated expenditure during construction period (net) till the date of commencement of commercial production. In the case of assets put to use, where final settlement of bills with contractors is yet to be effected necessary adjustments will be done in the year of final settlement.

#### **2. Capital Work-in-Progress**

Administration and general overhead expenses (net) attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

#### **3. Intangible Assets**

##### **a. Computer software**

Software acquired for an amount more than Rs.10 lakhs are capitalised as intangible assets and amortized over a period of 5 years.

##### **b. Research & Development (internally generated projects)**

- i) Expenditure incurred during the phase of research is charged to revenue.
- ii) Expenditure incurred during the phase of development is capitalized with respect to each project and amortised over its useful life.

#### **IX. Foreign Currency Transactions**

Exchange rate variations in foreign exchange transactions are accounted as per Accounting Standard-11 of Companies (Accounting Standards) Rules, 2006, and an option has been exercised to capitalize the exchange difference as per Para 46 of Accounting Standard -11.

#### **X. Accounting for Grants**

1. Government and other grants received relating to depreciable fixed assets are taken to capital grants and treated as 'Deferred income' and recognised in the Profit and Loss Account by allocating to income over the period in which the depreciation is charged.
2. Grants relating to non-depreciable assets are credited to income over a period in which the cost of meeting the obligations attached to the grants is charged to income.
3. Revenue grants to the extent utilized are accounted in Profit and Loss Account.

#### **XI. Accounting for Investments**

Long Term Investments are stated at cost. A provision for Diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the



management. Current Investments are stated at cost or market price whichever is lower and the difference between the cost and the market value.

**XII. Accounting For Employee Benefits**

Employee benefits are accounted as follows as per Accounting Standard-15 (Revised) 2005:

1. Short term employee benefits such as wages, salaries, incentives, short term Leave Salary are fully provided for.
2. Long term employee benefits such as Leave Salary are provided for as per Department of Public Enterprises Guideline and actuarial valuation and also funded to Trust.
3. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to Gratuity Trust.
4. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly in respect of the employees retired prior to 01-01-2007 for which a separate reserve fund is created out of the accumulated reserve profit with corresponding investments.
5. Contribution to Provident Fund and Superannuation Fund which includes Post Retirement Medical Assistance are recognised in the Profit & Loss Account on the basis of actual liability and funded to Trust.

**XIII. Borrowing Cost**

Borrowing costs (net of interest earned on temporary investments) specially attributable to the qualifying fixed assets are capitalised along with the cost of such assets and in general, weighted average interest cost is capitalised to the qualifying assets. Other borrowing costs are recognized as expenses in the period in which they are incurred.

**XIV. Segment Reporting****Primary Segment**

The company's main business segment is only generation of power. Hence the primary segment disclosure does not arise.

**Secondary Segment**

Since the business operation is within India the secondary segment disclosure does not arise.

**XV. Related Party Disclosure**

Related party transactions has been disclosed in accordance with AS-18.

**XVI. Earnings Per Share**

Basic earning per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.



**XVII. Accountings for Taxes on Income**

Tax expense comprises of current and deferred tax. Current tax is the amount of tax payable in respect of taxable income for the period measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred tax is recognised on timing difference between accounting income and taxable income that originate in one period and are capable of being reversed in one or more subsequent periods, subject to consideration of prudence. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are reviewed at each Balance Sheet date for their realisability.

**XVIII. Impairment of Assets**

The carrying amount of cash generating units is reviewed at each Balance Sheet date where there is any indication of impairment based on internal/external indicators. An impairment loss is recognised in the Statement of Profit and Loss where the carrying amount exceeds the recoverable amount of the cash generating units. The impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

**XIX. Provisions and Contingencies**

The Company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligations. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

**XX. Prepaid Expenses**

Expenses are accounted under prepaid expenses only where the amounts relating to unexpired period exceed Rs.1 crore in each case.

**XXI. Construction Projects**

**1. Capitalisation and Depreciation Provision:**

Test and trial production for Thermal Power Generation unit commences from the date of synchronisation and goes up to the date of commercial commissioning. Provisional take over date of the Turbo-generator pursuant to Seventy two hours full load operation is deemed as the date of commercial commissioning of the units. Depreciation charge commences from the date of commercial commissioning. Direct expenses and interest charges incurred during the test and trial run are capitalised and the power sale revenue earned during that period is abated to the capital cost of the project.

2. Net pre-commissioning income / expenditure are adjusted directly in the cost of related assets.



NOTES TO BALANCE SHEET

2. SHARE CAPITAL

(Rs. in lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>(a) Authorised</b>		
250,00,00,000 Equity Share of Rs.10/-each	250000.00	250000.00
<b>(b) Issued, Subscribed and Paid-up</b>		
196,22,72,727 Equity Share of Rs.10/- each fully paid up	196227.27	169440.00
<b>Details of Shares Outstanding at the beginning and end of 2015-16</b>		
<b>(a) Number of Shares at the beginning of 2015-16</b>		
(i) Neyveli Lignite Corporation Ltd., - 89%	1508016000	1310080000
(ii) TANGEDCO - 11%	186384000	161920000
Total	1694400000	1472000000
<b>(b) Number of Shares Allotted during 2015-16</b>		
(i) Neyveli Lignite Corporation Ltd.,	238406727	197936000
(ii) TANGEDCO	29466000	24464000
Total	267872727	222400000
<b>(c) Number of Shares at the end of 2015-16</b>		
(i) Neyveli Lignite Corporation Ltd., - 89%	1746422727	1508016000
(ii) TANGEDCO - 11%	215850000	186384000
Total	1962272727	1694400000

3. RESERVES AND SURPLUS

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
At the beginning of the year	(4.12)	(4.12)
Loss for the year	(16003.07)	0.00
At the end of the year	(16007.19)	(4.12)

4. SHARE APPLICATION MONEY PENDING FOR ALLOTMENT

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Share Application money pending for Allotment	0.00	12015.00
Total	0.00	12015.00

5. LONG TERM BORROWINGS

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Secured</b>		
Term Loans from Banks		
(i) Bank of Baroda Consortium of Banks	212500.00	237500.00
(ii) Bank of India Consortium of Banks	74960.00	84330.00
(iii) Power Finance Corporation Ltd	100986.00	0.00
Total	388446.00	321830.00

a) The Term Loans is secured by pari-passu charge on project fixed assets financed.

b) Repayment of Loan:

- (i) Bank of Baroda Consortium - Rupee term loan of Rs. 2500 crore: - Twenty (20) equal half-yearly instalments from October 2015 and the rate of interest on the loan ranges from 9.65% - 10%.
- (ii) Bank of India Consortium - Rupee term loan of Rs. 937 crore: - Twenty (20) equal half-yearly instalments from August 2015 and the rate of interest on the loan ranges from 9.65% - 10%.
- (iii) Power Finance Corporation Ltd. - Rupee term loan of Rs.1184.92 crore - Twenty (20) equal half-yearly instalments from January, 2016 and the rate of interest on the loan is 9.94%.



**NOTES TO BALANCE SHEET**

**6. OTHER LONG TERM LIABILITIES**

(Rs. in lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Payable on purchase of fixed assets	44088.35	53191.32
<b>Total</b>	<b>44088.35</b>	<b>53191.32</b>

**7. SHORT TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Loans repayable on demand from Banks:		
Working Capital Loan with Bank of India	52155.21	0.00
Short term loan from Neyveli Lignite Corporation Ltd-Unsecured	32000.00	98052.00
<b>Total</b>	<b>84155.21</b>	<b>98052.00</b>

a) Bank of India Working Capital loan:- Secured by exclusive first charge on book debts, operating cash flows, receivables, including stock of coal, fuel, etc. and all other current assets, commission, revenues of whatsoever nature and wherever arising present & future relating to the project and the rate of interest is 9.70%.

b) Neyveli Lignite Corporation Ltd - Short term loan - the rate of interest on the loan is 9.70%.

**8. OTHER CURRENT LIABILITIES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Current Maturities of Long term Loan</b>		
Bank of Baroda Consortium Rupee Term Loan	25000.00	12500.00
Bank of India Consortium Rupee Term Loan	9370.00	9370.00
Power Finance Corporation Ltd Term Loan	11861.00	0.00
<b>Other Payables</b>		
Statutory remittances	2216.37	923.09
Advance for Sale of fly ash	84.60	0.00
Amount with held from contractors	3904.93	3926.48
Coal received from TTPS on returnable basis	1087.04	0.00
Others	230.28	94.77
<b>Total</b>	<b>53774.22</b>	<b>26814.34</b>

**9. FIXED ASSETS - TANGIBLE ASSETS**

Description	Gross Cost				Depreciation				Net Value		
	As at 31.03.2015	Additions/Transfers	Deletions/Transfer/Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals/Transfer/Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
Lease Hold Land	5028.93	0.00	0.00	5028.93	1285.17	0.00	167.63*	1452.80	3576.13	3743.76	
Buildings	2950.42	3.91	0.00	2954.33	290.42	0.00	86.62	377.04	2577.29	2660.00	
Electrical installations	370.60	0.00	3.91	366.69	91.96	0.00	19.36	111.32	255.37	278.64	
Water Supply	66.20	0.00	0.00	66.20	14.62	0.00	3.14	17.76	48.44	51.58	
Plant & Machinery	42.85	671588.03	0.00	671630.88	2.01	0.00	26565.26	26567.27	645063.61	40.84	
Furniture & Equipment	497.17	47.78	0.00	544.95	73.02	0.00	35.23	108.25	436.70	424.15	
Vehicles	89.32	0.00	0.00	89.32	15.95	0.00	10.10	26.05	63.27	73.37	
Assets costing Rs. 5000 and below	8.84	0.10	0.00	8.94	8.84	0.00	0.10	8.94	0.00	0.00	
<b>Total</b>	<b>9054.33</b>	<b>671639.82</b>	<b>3.91</b>	<b>680690.24</b>	<b>1781.99</b>	<b>0.00</b>	<b>26887.44</b>	<b>28569.43</b>	<b>652020.81</b>	<b>7272.34</b>	
Previous Year	8763.56	306.75	15.98	9086.29	1427.18	13.99	368.79	1781.99	7272.34		

\* Leasehold Land is being amortised over the lease period.


**NOTES TO BALANCE SHEET**
**9. FIXED ASSETS - INTANGIBLE ASSETS**

(Rs. in lakh)

Description	Gross Cost				Depreciation			Net Value		
	As at 31.03.2015	Additions/ Transfers	Deletions/ Transfer/ Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals/ Transfer/ Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Computer Software	14.11	0.00	0.00	14.11	14.11	0.00	0.00	14.11	0.00	0.00
Total	14.11	0.00	0.00	14.11	14.11	0.00	0.00	14.11	0.00	0.00
Previous Year	13.18	0.93	0.00	14.11	13.18	0.00	0.93	14.11	0.00	
Total	9068.44	671639.82	3.91	686704.35	1796.10	0.00	26887.44	28683.54	652020.81	7272.34

**10. CAPITAL WORK-IN-PROGRESS - CWIP**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Revenue Expenditure transferred to CWIP	173662.34	147792.15
Capital Work-in-Progress : Value of Supply, Erection etc., Less : Asset Capitalised	505768.93 (571635.91)	508021.73
Total	7795.36	655813.88
<b>CWIP includes Value of Supply, Erection etc., following major Package Contracts</b>		
a) Main Plant - TA 1	0.00	340038.41
b) Coal Handling System - TA 2	0.00	51969.19
c) Ash Handling System - TA 3	0.00	5967.11
d) Circulating Water System - TA 4	0.00	8645.63
e) RO/DM and Effluent Plant - TA 5	0.00	17753.89
f) RCC Chimney - TA 6	0.00	6762.83
g) Natural Drought Cooling Tower - TA 7	0.00	13553.40
h) Switch Yard - TA 8	0.00	6591.85
i) Power Transformers - TA 9	0.00	10827.96
j) Others	7795.36	45911.46
Total	7795.36	508021.73
<b>Other than TA Packages</b>		
1) Roads & Culverts	0.00	1685.83
2) North Cargo Berth	0.00	4418.23
3) Area Illumination - Bajaj Elec	0.00	200.71
4) Consultancy	0.00	1402.18
5) Inter Plant Communication - V Link Systems	0.00	236.11
6) H2 Plant - SR Selvaraj & Airox Nigen Equipment	556.26	361.91
7) Fire Fighting - Mather & Platt Pumps Ltd.	5509.27	4660.07
8) CWS, P.House, Piping etc.- Jyoti & Ramky	0.00	8316.39
9) General Civil Works - IVRCL & DEE Tech	0.00	1896.86
10) Enabling Work (Re-routing of SPIC / IOC Pipe Line, Re-location of Warehouse and Sheds)	0.00	1926.53
11) Shore Unloader - TRF	0.00	7413.79
12) Fuel - Coal & Oil for Test & Trial run	0.00	12157.41
13) Others	1729.83	1235.44
Total	7795.36	45911.46



**NOTES TO BALANCE SHEET**

**11. DEFERRED TAX ASSET (Net)**

(Rs. in lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Deferred Tax Asset		
- relating to carried forward unabsorbed depreciation	80696.61	0.00
Less: Deferred Tax Liability		
- relating to timing difference in depreciation	72227.15	0.00
Total	8469.46	0.00

**12. LONG TERM LOANS & ADVANCES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Advance for Capital goods	480.35	1002.12
Total	480.35	1002.12

**13. INVENTORIES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Coal	12146.77	0.00
Coal in transit	8534.86	0.00
Fuel Oil	746.68	0.00
Total	21428.31	0.00

**14. TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured considered good - outstanding for a period not exceeding six months	72696.17	0.00
Total	72696.17	0.00

**15. CASH AND BANK BALANCES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
(A) With Scheduled Bank in Current Accounts:		
Canara Bank, Kilpauk, Chennai	0.33	0.33
Bank of India, Tuticorin	1.00	749.68
Bank of India, Tuticorin - E-Freight	142.11	48.00
Bank of Baroda, Tuticorin	2.20	0.10
State Bank of India, Tuticorin	82.76	158.66
	228.40	956.77
(B) Others		
Stamps on hand	0.02	0.01
(C) Short Term Deposit with Banks		
Canara Bank, Neyveli	0.00	8642.00
Bank of India, Tuticorin	0.00	2000.00
Total	228.42	11598.78

**16. SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
Unsecured considered good:		
Advances recoverable in cash or in kind or for value to be received	528.39	616.23
Prepaid Expenses	44.85	0.00
Advance to TTPS for Coal diversion	0.00	3773.80
Advance for purchase of coal	5287.60	409.51
Advance for purchase of oil	686.54	249.83
Advance to VOC Port Trust	1108.39	1055.68
Tax Deducted at Source	127.88	99.48
Total	7783.45	6204.53



## NOTES TO PROFIT AND LOSS ACCOUNT

## 17. REVENUE FROM OPERATIONS

(Rs. in lakh)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Power Sales	122149.21	0.00
Sale of infirm Power	4610.43	64.34
Sale of Fly Ash	770.62	0.00
	<u>127530.26</u>	<u>64.34</u>
Less: Transferred to Capital Work-in-Progress Accounts	4733.57	64.34
Total	<u>122796.69</u>	<u>0.00</u>

A. Unit-1 has started its commercial operation from 18<sup>th</sup> June, 2015 and Unit-2 from 29<sup>th</sup> August, 2015. The revenue received upto date of commercial operation has been capitalised towards project cost as abatement.

B. Sale of Power is accounted for based on the interim tariff order dated 13.10.2015 granted by the Central Electricity Regulatory Commission (CERC) under the Tariff Regulations 2014-19 from the date of Commercial Operation Declaration (COD) of Unit-1 and 2 to 31.03.2017. Beneficiaries are billed in accordance with the said interim tariff order.

## 18. OTHER INCOME

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Interest on Bank Deposits	276.52	350.63
Interest on Others	280.75	587.93
Surcharge from beneficiaries	429.08	0.00
Rent Recovered	14.73	24.68
Liquidity Damages Recovered	7.65	5.68
Others	17.96	16.64
	<u>1026.69</u>	<u>985.56</u>
Less: Transferred to Capital Work-in-Progress Accounts	380.28	985.56
Total	<u>646.41</u>	<u>0.00</u>

## 19. FUEL

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Coal Consumption	87921.39	182.51
Oil Consumption	7555.39	5249.36
	<u>95476.78</u>	<u>5431.87</u>
Less: Transferred to Capital Work-in-Progress Accounts	14486.61	5431.87
Total	<u>80990.17</u>	<u>0.00</u>

## 20. EMPLOYEES' BENEFITS EXPENSES

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Salaries, Wages and Incentives	4332.65	3081.64
Contribution to Provident and Other Funds	630.73	567.63
Gratuity	0.00	70.87
Welfare Expenses	160.85	89.50
	<u>5124.23</u>	<u>3809.64</u>
Less: Transferred to Capital Work-in-Progress Accounts	1487.03	3809.64
Total	<u>3637.20</u>	<u>0.00</u>



**NOTES TO PROFIT AND LOSS ACCOUNT**

**21. FINANCE COST**

(Rs. in lakh)

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Interest on Term Loan	44821.78	42376.85
Interest on Working Capital	1093.93	0.00
	45915.71	42376.85
Less: Transferred to Capital Work-in-Progress Accounts	14184.61	42376.85
Total	31731.10	0.00

**22. DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Depreciation and Amortisation Expenses	26887.45	355.74
	26887.45	355.74
Less: Transferred to Capital Work-in-Progress Accounts	25.70	355.74
Total	26861.75	0.00

**23. OTHER EXPENSES**

Particulars	For the Year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
Power Charges	2735.33	1576.43
Water Charges	45.75	133.63
Petrol, Diesel and Others	189.20	8.64
Rent	3.49	6.52
Licence Fee	38.30	33.83
Repairs & Maintenance	1234.28	277.97
Insurance	116.96	2.83
Travelling Expenses	167.94	145.28
Security Expenses	220.67	89.95
Training Expenses	15.15	26.12
Cash Discount on Power Sales	298.55	0.00
Transit and Handling Losses	100.11	0.00
Selling Expenses	12.90	0.00
Payment to Auditors		
Statutory Audit Fees	2.00	1.12
Audit Certification Fees	0.61	0.20
Internal Audit Fees	6.30	6.74
CSR Expenditure	24.30	25.00
Bank Charges - (including BG/LC Commission, Document Charges to Loan)	78.57	73.90
Miscellaneous Expenses	205.10	114.36
	5495.51	2522.52
Less : Transferred to Capital Work-in-Progress Accounts	800.10	2522.52
Total	4695.41	0.00



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

24. CONTINGENT LIABILITIES

- a) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for Rs.69,532.29 lakh (Previous Year Rs. 18,229.72 lakh).
  - b) Company has given guarantee to bank towards security deposit for Rs. 3,700 lakh (Previous Year Rs.2,250 lakh).
  - c) Disputed dues in respect of income tax which is contested in appeal and not provided for Rs. 108.06 lakh (Previous year Rs. Nil).
  - d) Contingent liability exists in respect of service tax on lease hold land for the construction of power project Rs.400.37 lakh (Previous year Rs.400.37 lakh).
  - e) A demand of Rs.205.63 lakh (Previous year Rs.205.63 lakh) has been raised by Excise Authority towards service tax payable by NLC Ltd. the holding company for the service of manpower provided to NTPC. This case has been decided in favour of holding company. However the department has gone for appeal against the order of Commissioner.
  - f) A demand of Rs.1,532.49 lakh has been raised by V.O. Chidambaranar Port Trust towards shortfall in Minimum Guarantee Throughput (MGT) for 37,86,719 MT from October,2014 to October,2015 at Wharfage Rate of Rs.40.47 per Ton for coal handled at North Cargo Berth-I.
25. As per the information available with the Company there are no dues outstanding including interest as on 31<sup>st</sup> March,2016 to Small and Micro Enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

26. CIF VALUE OF IMPORTS

( Rs. in lakh)

Particulars	31.03.2016	31.03.2015
Capital Goods	144.04	0.00
Total	144.04	0.00

27. Disclosure in respect of Related Parties pursuant to Accounting Standard-18

A) Key Management Personnel:

- 1) Shri.B.Surender Mohan, Chairman
- 2) Shri.Sarat Kumar Acharya, Chairman
- 3) Shri. Rakesh Kumar, Director
- 4) Shri.S.Rajagopal, Director
- 5) Shri.V.Thangapandian, Director
- 6) Shri.S.Boopathy, Director
- 7) Shri. P.Selvakumar, Director
- 8) Shri.R.S.Alagappan, Director



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016**

- 9) Shri.T.V.K.Murugan, Director
- 10) Shri.Manoj Kumar Sharma, Director
- 11) Shri.M.Rajkumar, Director
- 12) Shri.P.Sambathkumar, Director
- 13) Shri.S.Sathiyarayanan, Chief Executive Officer
- 14) Shri.V.N.Babu, Chief Financial Officer
- 15) Shri.R.Jayasarathy, Company Secretary

**B) Transactions during the year with related parties:**

- i) Remuneration to Directors listed in Sl.No.27 (A) 1 to 12 above is NIL.
- ii) Salary to other than Directors listed above : Rs. 77.55 lakhs

**28. Basic and diluted Earnings Per Share(EPS) of Face Value of Rs.10/- each is calculated as under:**

Sl. No.	Particulars	31.03.2016	31.03.2015
A	Net Profit /(loss)after Tax (Rs. in lakh)	(16003.07)	
B	Weighted Number of Equity Shares Outstanding	1880257377	NA
C	Earnings Per Share (Basic & diluted) (in Rs.)	(0.85)	

29. Borrowing costs capitalised during the year

	31.03.2016	31.03.2015
(Rs. in lakh)	14,184.61	42,376.85

30. Contribution towards Gratuity scheme and long term compensated absences are paid by Neyveli Lignite Corporation Ltd., (Holding Company) to LIC of India in respect of all group company employees and the share of NLC Tamilnadu Power Ltd (NTPL) is recovered by Holding Company. Since consolidated Policy has been taken covering all the group company employees, disclosure in accordance with AS-15 in respect of the Company could not be made.

31. Balances of Debtors and Creditors are subject to confirmation of balances.

32. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with current year's classification/disclosure.

For and on behalf of the Board

**R.JAYASARATHY**  
COMPANY SECRETARY

**V.N.BABU**  
CHIEF FINANCIAL OFFICER

**RAKESH KUMAR**  
DIRECTOR

**SARAT KUMAR ACHARYA**  
CHAIRMAN

Place : Neyveli

Date : 21.05.2016

As per our report of even date attached

**For T.Selvaraj & Co.,**  
Chartered Accountants  
Firm Regn.No.003703S

**RM.Swaminathan**  
Partner  
M.No.203520

Place : Chennai

Date : 23.05.2016



## **NLC TAMILNADU POWER LIMITED**

Registered Office : First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.

Tel: 044 - 28364613-14 Fax: 044-28364619

CIN: U40102TN2005GOI056050

Website: [www.ntplpower.com](http://www.ntplpower.com) E-mail: [ceo.ntpl@nlicindia.com](mailto:ceo.ntpl@nlicindia.com)