NLC TAMIL NADU POWER LIMITED

14th Annual Report
2019 - 2020

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 . Rakesh Kumar

DIRECTORS

Shri. Nadella Naga Maheswar Rao

Shri. Shaji John

Shri. Jaikumar Srinivasan

Shri. Mahendra Pratap

Shri. A. Ashok Kumar

CHIEF EXECUTIVE OFFICER

Shri K.S.Gopalakrishnan

CHIEF FINANCIAL OFFICER

Shri D.Dhanapal

COMPANY SECRETARY

Shri R.Jayasarathy

STATUTORY AUDITOR

Price Patt & Co.,
Chartered Accountants,
H.O.: 44 (Old No. 108),
Sir P.S.Sivasamy Salai,
2nd Street, Mylapore,
Chennai - 600 004.

SECRETARIAL AUDITOR

A.K.Jain & Associates,
Company Secretaries,
No.2,(New No.3), Raja Annamalai Road,
First Floor, Purasawalkam,
Chennai - 600 084.

COST AUDITOR

Dhananjay V.Joshi & Associates,
Cost Accountants,
CMA Pride, Ground Floor,
Plot No. 6, S.No.16/6,
Erandawana Co.op.,Housing Society,
Erandawana,
Pune - 411 004.

REGISTERED OFFICE

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

PRINCIPAL BANKERS & FINANCIAL INSTITUTION

Bank of India
State Bank of India
Power Finance Corporation Limited

CONTENTS

DIRECTORS' REPORT FOR THE YEAR 2019-20

Dear Members,

Your Board of Directors have pleasure to present the 14th Directors' Report on the business operation of the Company together with the Audited Accounts for the year ended 31st March, 2020.

Performance

Physical

During the year 2019-20, the Thermal Plant (2 x 500 MW) at Tuticorin generated Power of 4844.400 Million Units (MU) registering an Annual PLF of 55.15%. The total power surrendered during the year under review was 2067 MU and after considering the same your Company PLF would be 78.68%.

The details of generation and export of Power during the financial year 2019-20 as compared to the previous year are as under:

	Power Generation (MU)		Power Export (MU)	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Unit 1	2862.665	3208.837	2657.364	2990.482
Unit 2	1981.735	2277.789	1839.612	2122.790
Total	4844.400	5486.625	4496.976	5113.271

The reason for decrease in the generation of power as against the annual target 7554 MU, was mainly due to Unit-2 Generator forced outage and power surrender.

Productivity

The output per man shift achieved during the year 2019-20 as compared to previous year is given below

Product	Unit	2019-20	2018-19
Power	KWhr	83765	90033

Financial

During the year ended 31st March 2020, your Company has registered a power sale of ₹ 2419.30 crore as against ₹ 2750.20 crore recorded in the year 2018-19. The Revenue from Operations for the year 2019-20 was ₹ 2434.72 crore as against ₹ 2757.63 crore in the year 2018-19. The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2019-20 were ₹ 226.49 crore and ₹ 143.15 crore respectively as against ₹ 425.89 crore and ₹ 270.74 crore respectively in the year 2018-19.

The details of financial results of the Company for the year 2019-20 as compared to previous year are as under:

(in crore)

Particulars	2019-20	2018-19
Total Income	2670.95	2899.27
Total Expenditure	1759.02	1995.54
Gross Margin	911.93	903.73
Less: Depreciation	375.75	376.72
Less: Finance Cost	451.55	457.28
Add: Net movement in regulatory deferral account balance Income/(Expense)	141.86	356.16
Profit Before Tax	226.49	425.89
Less: Total Tax Expense	83.34	155.15
Profit After Tax	143.15	270.74

Dividend

During the year 2019-20, the Board of Directors of your Company recommended a Dividend of 3%, (₹ 65.64 crore) subject to the approval of the Shareholders.

Project Funding

The Project has been executed at the cost of ₹ 7293.48 crore with an equity and debt ratio of 30:70. As on 31st March 2020, the total equity share capital of ₹ 2188.04 crore has been fully subscribed by the Promoters viz, NLC India Limited (NLCIL) and Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) in the ratio of 89:11. Debt funding availed through Rupee Term Loans from Power Finance Corporation Limited (PFC) and Bank of India (BOI).

Capital Expenditure

During the year 2019-20, your Company had spent Capital Expenditure (accrual basis) for ₹ 30.13 crore.

Commercial

The power share allocation from your company to various states is as follows

Beneficiary State/UT	MW	%
Andhra Pradesh	123.23	12.32
Karnataka	208.13	20.81
Kerala	72.50	7.25
Tamilnadu	408.47	40.85
Telangana	152.27	15.23
Puducherry	35.40	3.54
Total	1000.00	100.00

Power Tariff

Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998, determine the Power tariff for generating companies owned or controlled by the Central Government and selling power to more than one state.

Tariff Petition for determination of tariff for the period from 2019-2024 have been filed with CERC on 29.10.2019. The petitions were under preliminary scrutiny by the Commission.

Power Dues / Realisation

The outstanding power sales dues from the beneficiaries to the Company as on 31st March, 2020 was ₹2102.01 crore as against ₹ 1,575.62 crore for the corresponding period of the year ended 31st March, 2019. The outstanding power sales dues beyond the 45 days limit as on 31st March, 2020 was ₹ 1,559.27 crore as against ₹ 1,271.93 crore for the corresponding period of the previous year ended 31st March, 2019. Trade receivables (Net) as number of days of Revenue from Operation (Gross) was 315 days.

Reduction in claims against the Company not acknowledged as Debt-Total Claims

The reduction in claims against the company not acknowledged as Debt during the year 2019 -20 was 71.61%.

Conservation of Energy, Technology absorption, Foreign Exchange Earnings & Outgo and Research & Development

(A) Conservation of energy

(i) The steps taken or impact on conservation of energy

Energy Conservation Week Celebration

Your Company has celebrated Energy Conservation Week from14th December, 2019 to 20th December, 2019 during which energy conservation and efficiency measures were propagated in and around the Company through release and display of Energy Policy in important places, conducting competition viz., Slogans, Quiz for School Children, College Students, Employees, their Spouses, nearby industries etc.

Replacement of conventional light fittings by LED light fittings

As a part of energy conservation measures, conventional light fittings were replaced by LED light fittings and there was a cost saving of ₹ 7.55 lakh in the year 2019-20

Ultra filtration (UF) Line Modification in Desalination & Demineralization Plant

First pass Reverse Osmosis (RO) Reject (about 500 m^3/hr) and reject water (about 200 m^3/hr) from Ultra filtration (UF) is pumped into a reject tank.The reject from the tank is pumped by reject pump and connected to the discharge of the outfall pump.

As the reject water from the UF is clean, it has been diverted to gravity sand filter inlet by a FRP line. Hence, the running hours of reject pump got reduced by 5 Hrs/day and also sea water intake pumping load got reduced by 200 m^3/hr. The modification was carried out at a cost of ₹ 78,842/- An Energy Saving of 22,68,000 kWh and Cost Saving of 1.23 crore was achieved during the year 2019-20.

(ii) The steps taken by the Company for utilising alternate sources of energy

NIL

(iii) The Capital investment on energy conservation equipment

LED Light Fittings: ₹23.54 Lakh

(B) Technology absorption

- **(i) The efforts made towards technology absorption:** NIL
- **(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:** NIL
- **(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):** NIL
- **(iv) The expenditure incurred on Research and Development:** NIL

(C) Foreign Exchange Earnings & Outgo

Foreign Exchange inflow: NIL

Foreign Exchange Outflow:₹ 45.37 crore

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.In order to strengthen the Risk Management, Risk Management committee has been constituted to review the Risk Management plan including mitigation measures, the operation of Risk Management System.

Compliance under Persons with Disabilities Act,1995

Your Company ensures compliance of provisions under the Persons with Disabilities (PWD) Act,1995 and as per the guidelines of Department of Personnel & Training (DoPT). Your Company has made certain arrangements / amenities to PWDs to fulfill their requirements so as to enable them to effectively discharge duties.

Compliance under Right to Information Act,2005

Your Company ensures compliance of provisions under the Compliance under Right to Information Act, 2005. During the year 2019-20, there were 20 applications referred to the Company and the information sought were furnished in time.

Compliance under Public Procurement Policy

The Ministry of Micro, Small and Medium Enterprises (MSME) has notified the Public Procurement Policy and in terms of the said notification, an annual target for the year 2019-20 for procurement from MSME was at 25% and the achievement is 31.19 %

Compliance under Apprenticeship Act,1961

Your Company ensures compliance of provisions under the Apprenticeship Act,1961.During the year 2019-20, seventeen apprentices were trained and 4501 training man-days were achieved.

Impact of COVID-19

COVID – 19 pandemic has spread across the Globe and has created massive negative disruptions in the business operations. Your Company is in the business of generation and sale of electricity which is an essential service. The Company has ensured the availability of its thermal power plant to generate power and has continued to supply power during the period of lockdown. The challenges posed by COVID-19 are multi-layered, complex and evolving on a daily basis. Your Company has assessed the potential disruptions and prepared itself for its associated impact and identified the steps required to mitigate the adverse impact upfront. The focus was on ensuring continued generation of electricity without compromising the health and safety aspects.

Compliance to contain COVID 19

Your Company has taken necessary measures to contain the mysterious virus "COVID - 19" by following the advisories of Government of India and Govt. of Tamil Nadu. Various measures undertaken by your Company includes:

- Formation of Strategic Management Group headed by Chief Executive Officer to review the situation on a day-to-day basis and to take effective measures to contain and manage COVID-19.
- Campaigns were organised to sensitize the employees as well as the local community on personal hygiene, crowd regulation and social distancing through following actions:
- COVID-19 Advisory cum Preventive Guidelines Video was displayed in the Company's intranet services.
- The banner of Dos & Don'ts advised by public health authorities was displayed at various locations of the plant premises.
- For better and frequent hand washing, the wash basins arranged at Gate of the Plant. Hand washing is being carried out by employees and out- sourced workmen.
- Infection prevention and control is observed through spraying disinfectants and fumigation methods in Plant and township premises.
- Body temperature screening through Thermal scanners is being carried out to the employees, out sourced workmen and dependents at Gate while entering the Plant premises and township, in all the shifts. The meetings are being conducted through video conference, telephonic / computerized means.
- The Plant is being operated with minimal staff on duty with staggered timings viz. I Shift (06.00 hrs to 14.00 hrs), General Shift (9.00 hrs to 17.00 hrs), General Shift (09.30 hrs to 17.30 hrs), I Shift (14.00 hrs to 22.00 hrs) and II Shift (22.00 hrs to 06.00 hrs)
- All the employees and contract workmen attending duty are issued with masks and instructed to wear the same
- Installation and usage of Arogya Setu mobile app for health mapping on a real time basis

Contribution to PM CARE FUND

Employees of your Company contributed their one day's salary amounting to ₹ 12,51,207/- to this fund. In addition, employees also voluntarily contributed to this fund.

Swachh Bharat Mission

In pursuance to the "Government of India's guidelines and the directives, your Company carried out various cleanliness activities to fulfill the Swachh Bharat Mission (Clean India). Your Company performed cleaning activities in and around Plant premises and Township. Outreach programs like, cleaning of nearby hamlets, Rally and street plays were performed and displayed Swachh Bharath mission banners in prominent locations so as to create awareness among the public.

Human Resource Management

Your Company has competent and highly motivated human resource significantly contributing to the progress of the Company. Your Company maintains harmonious and cordial relationship among the employees and with other stakeholders that leads to achieving organisational as well as individual goals. The total manpower of the Company as on 31st March, 2020 was 219.

Employee Development

The Company has been continues promoting training, learning initiatives for skills, Knowledge, attitude and competency building to fulfil the training needs for employees and contract workmen.The training program module includes Technical, Functional and behavioural. During the year 2019-2020,the total regular employees training man-days were 987.5 and contract workmen training man-days were 3,400 respectively.

Industrial Relations

Your Company continues to maintain cordial and harmonious Industrial relations during the year 2019-2020. The Management has a regular system of discussions with employees on common matters which helps to maintain good industrial relations and to create mutual trust and belief among the employees.

Implementation of Official Language Policy

In line with the policy of GoI and the provisions under the Official Language Act,1963, your Company made all efforts to implement the policy and promote the Official language during the year 2019-20.

Welfare Activities

i. Free Eye screening camp conducted for Contract workmen on 26.09.2019
ii. Free Cervical Cancer Awareness & Screening camp for female contract workers on 13.12.2019
iii. Free Diabetic screening camp for Contract workmen on 03.01.2020
iv. Awareness program on Menstrual hygiene conducted for School children in Government School on 28.06.2019
v. Open defecation free program conducted for Government School children on 27.08.2019
vi. Free drinking water is being supplied to the nearby hamlets

Environment Management and Sustainable Development Projects

Your Company promotes the best environmental management systems and is committed to practice a sustainable approach towards the environmental aspects of power generation. Your Company has been adorned with ISO 14001:2015 Environmental Management Systems Certification which stands proof to the proactive environmental initiatives taken up. Process emissions and effluents are kept in check and periodic monitoring is also in place to cater to the legislative norms. Online Continuous Monitoring Systems are also in the loop as per the regulatory needs. Your Company has set up an overall green belt about 26 hectares in the plant premises and the township, around the Ash pond and in the area acquired from the Port Trust for green belt development and maintaining ecological balance.

Safety

Your Company has undertaken many measures to maintain a safe working environment at work places viz., regular safety awareness training for contract workers, training programme for executives, daily inspection is carried out by Cross functional Team for unsafe act & unsafe conditions and the same is presented in Daily Review Meeting & reviewed monthly for compliance of corrective action taken. Mock drill for fire & rescue twice in a month and Regular safety committee Meetings are being conducted.

Pep talk and Tool box meetings are conducted for contract workers. During the year 2019-20, your Company has achieved 41,89,508 Safe men working hours.

Vigilance

The Vigilance Department had undertaken proactive, preventive, punitive and other measures in order to sensitize the employees of your Company. Besides Surprise Checks, Regular Checks, CTE type examinations, Quality Check and study/inspection had been conducted and various systemic improvements were recommended /achieved.

As a part of Vigilance Awareness and ethical character education, inter college and school competitions on the vigilance theme "Integrity - a way of life" were held during the Vigilance Awareness Week celebration from 28th October, 2019 to 2nd November, 2019 and about 2400 students and faculty members had participated. Training programme on "Vigilance Case Studies" was conducted on 30.10.2019 in your Company.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion & Analysis Report is furnished in Annexure - 1. The report on Corporate Governance stipulated as per DPE Guidelines on Corporate Governance is furnished in Annexure-2. The Auditors certificate on the compliance of above Corporate Governance conditions is furnished in Annexure- 3.

Corporate Social Responsibility (CSR)

Your Company has a CSR policy in compliance with the provisions of Companies Act 2013. During the year 2019-20, an amount of Rs.4.16 crore against Rs. 5.20 crore has been spent towards cleaning of river, desilting and deepening of ponds, green belt plantation and maintenance and Rural Health program. Contributed funds for improving the Assistance for Learning Acceleration for the Individual (ALAI) in Government schools through Commissioner of School Education, Government of Tamil Nadu, Chennai. Your Company also Contributed funds for construction of 30 Nos. of toilet blocks in circulating areas of Railway Stations in Tamil Nadu. The balance works could not be completed due to water stagnation in the tanks. Green Belt Plantation maintenance held up due to insufficient workforce due to COVID 19. As per requirements of the Companies Act 2013, the report on CSR activities is furnished in Annexure - 4.

Particulars of Employee

Particulars of employees as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014- NIL.

Declaration by Independent Director

Declaration has been received from the Independent Director on meeting the criteria as stipulated in Section 149(6) of the Companies Act, 2013.

Annual Return

In terms of MCA Notification No.GSR 538(E) dt. 28.08.2020, the copy of the Annual Return for the year 2018-19 is available at http://www.ntplpower.com/Ntpl_AnnualReturn_2019-20.pdf. The extract of the Annual Return for the year 2019-20 is also available in the same web link.

Loans, Guarantees and Investments

During the year 2019-20, the Company has not granted any loan or guarantee or made any investments

Transfer to Reserves

During the 2019-20, no amount has been transferred to reserves.

Deposits

During the year 2019-20, the Company has not accepted any deposits from the public

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 Holding Company, NLC India Limited. In this regard, a separate committee has been constituted by NLC India Limited for looking into the complaints relating to Sexual Harassment of Women at workplace. During the year 2019-20, no compliant has been received by the said Committee as regards to your Company.

AUDITORS

Statutory Audit

Price Patt and Co., Chartered Accountants, Chennai was appointed as the Statutory Auditor of the Company by the Comptroller & Auditor General of India (C&AG), for the financial year 2019-20, under Section 139 of the Companies Act, 2013. The Board of Directors of the Company have fixed ₹ 3,50,000/- plus applicable GST as the Statutory Audit Fees for the year 2019-20.

Secretarial Audit

A.K. Jain & Associates, Practicing Company Secretaries, Chennai was appointed as the Secretarial Auditor for the year 2019-20. The Secretarial Audit Report and reply to the observations of the Secretarial Auditor is furnished in Annexure-5.

Internal Audit

MKPS & Associates, Chartered Accountants, Bangalore was appointed as the Internal Auditor for the year 2019-20 to conduct the Internal Audit of the Company.

Cost Audit

Dhananjay V. Joshi & Associates, Cost Accountants, Pune was appointed as the Cost Auditor for the year 2019-20 to conduct the Cost Audit of the Company.

GST Audit

Senthil Kumar & Sundararajan, Chartered Accountants, Sivakasi was appointed as the GST Auditor for the year 2019-20 to conduct the GST Audit of the Company.

C&AG Comments

C&AG Comments on the Financial Statements for the year ended 31st March, 2020 is furnished in Annexure- 6.

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

The Board of Directors declares

a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. 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;

d. that the Directors had prepared the annual accounts on a going concern basis and

e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Key Managerial Personnel

Shri W. Jeyasingh Daniel had relinquished as the Chief Financial Officer of the Company w.e.f. 01.07.2019 and in his place Shri D. Dhanapal was appointed as the Chief Financial Officer of the Company. The Board places on record its appreciation for the services rendered by Shri W. Jeyasingh Daniel during his tenure as the Chief Financial Officer of the Company.

Board of Directors

Smt. S.Geetha,(DIN:07770445) representing TANGEDCO as Director on the Board of the Company had relinquished her office with effect from 01.07.2019 on attaining the age of superannuation and in her place Shri Subodh Kumar (DIN 08418401) then joint Managing Director/ TANGEDCO, representing TANGEDCO was inducted as an Additional Director on the Board of the Company with effect from 03.08.2019. Shri Subodh Kumar had relinquished his office with effect from 13.11.2019 on his transfer to Government of India Service and in his place Shri. A. Ashok Kumar (DIN 08621963), Director (Projects)/ TANGEDCO, representing TANGEDCO was inducted as an Additional Director on the Board of the Company with effect from 29.11.2019. Smt. Nalini Padmanabhan, (DIN 01565909), Non-Official Part-time Director on the Board of the Company had relinquished her office with effect from 02.02.2020 on completion of tenure.

Shri Jaikumar Srinivasan (DIN 01220828) representing NLCIL as Ex- Officio Director on the Board of the Company was inducted as an Additional Director on the Board of the Company with effect from 07.02.2020. The Board places on record its appreciation for the valuable contribution made by Smt. S.Geetha, Shri Subodh Kumar and Smt. Nalini Padmanabhan during their tenure as Directors on the Board of the Company.

Shri Rakesh Kumar, (DIN 02865335) Director retire by rotation at the ensuing Annual General Meeting and being eligible offer 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 NLC India Limited, TNEB Limited, TANGEDCO, V.O. Chidambaranar Port Trust, Ministry of Coal, Ministry of Power, Ministry of Finance, Ministry of Environment & Forest and Climate Change, Ministry of Shipping and Surface Transport, Ministry of Industry, Ministry of Labour, Niti Aayog, DIPAM, DPE, Central Electricity Authority, Central Electricity Regulatory Commission, Central and State Government Departments, Southern Regional Power Committee, Southern Regional Load Despatch Centre, State Electricity Boards and Beneficiaries of Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Kerala and Puducherry, Financial Institutions, Bankers, Mahanadi Coalfields Limited, Eastern Coalfields Limited, Eastern Railways, East Coastal Railways, 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 Tamil Nadu, District Administration of Tuticorin and the Statutory Authorities concerned. The co-operation and support by the Comptroller and Auditor General of India, Statutory Auditor, Internal Auditor, Secretarial Auditor, Cost Auditor, the Factory & Boiler Directorates, Director of Industrial Safety and Health, the Director of Boilers, Regional Labour Commissioner, Regional Provident Fund Commissioner and Central and State Pollution Control Boards, Chief Conservator of Forests and Wildlife, the Company's Bankers / Financial Institutions need special mention and the Directors acknowledge the same.

Your Directors wish to place on record their appreciation for the dedicated work put forth by the employees at all levels.

for and on behalf of the Board of Directors

RAKESH KUMAR
CHAIRMAN

Place : Neyveli.
Date : 29.08.2020

Annexure-1

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development

Power

Power is one of the most critical components of infrastructure, crucial for the economic growth and welfare of nations. Indian power sector is undergoing a significant change that has redefined the industry outlook and the sustained economic growth continues to drive electricity demand in India.

Electricity consumption is one of the most important indices that decide the development level of a nation. The Government of India is committed to improving the quality of life of its citizens through higher electricity consumption. The aim is to provide each household access to electricity, round the clock and the 'Power for All' programme is a major step which has accelerated capacity addition in the Country. Though the Indian Power Sector continues to be dominated by conventional sources such as coal, lignite, natural gas, oil and nuclear power, there has been a progressive shift towards renewable sources and the share of renewable energy in installed capacity of power generation has been increased in the recent past when compared to conventional sources.

Generation

The total power generation installed capacity as on 31.03.2020 was 370106.46 MW as against 356100.19 MW as on 31.03.2019. Out of that Thermal Power Plants are contributing 2,30,599.57 MW (62.31 %) and Renewable Power Plants by 87,027.68 MW (23.51 %) and the balance from other sources. (Source CEA-Executive Summary, March 2020).

As on 31.03.2020, all India total power generation installed capacity is owned by central sector at 25% State Sector at 28% and Private Sector at 47%

Conventional Generation

The electricity generation target of conventional sources for the year 2019-20 was fixed as 1330 Billion Unit (BU). i.e. growth of around 6.46% over actual conventional generation of 1249.337 BU for the previous year 2018-19. Energy generation from conventional sources for the year 2019-20 was 1252.711 BU i.e. growth of 0.26% over the previous corresponding year. Further, a total capacity addition of 58,384 MW from conventional sources is envisaged for the period 2017-2022, including 47,855 MW of coal-based power stations.

Renewable Energy

The Generation of renewable energy up to March 2020 was 1,38,318.67 MU as against 1,26,759.10 MU including up to March 2019. (Source: CEA Executive Summary, March 2020).The growth in the generation of renewable energy was 9.12%. By 2022, wind energy is expected to contribute 60 Giga watt (GW) followed by solar power at 100 GW and biomass & hydro power at 15 GW.

Impact of Corona Virus Pandemic

The Power Sector in the country has been affected by the prevailing slowdown in the operations of all economic activities on account of Corona Virus Pandemic. The impact of Corona, has not only affected the generation and consumption of power but also lead to delay in implementation of projects which would cause time and cost over runs, financial stress to power generation and distribution Companies. The resumption of normal level of business operations (i.e. pre Covid-19 levels) would require some more time

Coal Linkage

Your Company has coal linkage arrangement with Mahanadi Coal Fields Limited (MCL) and Eastern Coal Fields Limited (ECL) for the fuel requirement of Generation of Power. In view of the shortage of indigenous coal, the procurement of import coal to the extent was availed. As per the Government directives, the procurement of import of coal was stopped w.e.f. April, 2020.

SWOT Analysis

Strength

- The Company has a defined Vision and Mission
- The Promoter Companies viz. NLC India Ltd., (NLCIL) 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.
- Harmonious industrial relations
- Financial support
- Commitment to protect the stakeholder's interest

Weakness

- Dependent on external suppliers for supply of Coal
- Lesser financial health of DISCOMS

Opportunities

- Government of India's (GoI) commitment to improve the quality of life of its citizens through higher electricity consumption
- GoI aim to provide each household access to electricity, round the clock and improve the quality of life of people.
- Policy initiatives/ incentives for power sector
- Increase in the per capita consumption of power
- Foraying into renewable energy sources
- Trading of Power in the Market (RTM)
- Launch of smart cities mission by the Government of India

Threat

- Surrender of Power by DISCOMS leads to underutilization of Thermal Capacity
- Delay in realisation of power dues from DISCOMS
- Challenge posed by Renewable Energy to Thermal Generation
- Stringent environment norms being set by the Regulatory authorities
- Delayed realisation of power dues from DISCOMS

Segment-Wise Performance

Company is not a Multi-Segmented Company

Outlook

Power

Coal based Thermal Plant

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 & 29.08.2015 respectively. Capacity addition or establishment of new Power Projects will be considered at appropriate time based on its feasibility.

Risks and Concerns

Competition consequent to de-regulation in Indian Power Sector
Stringent environmental norms prescribed by the respective authorities
Surrender of power by beneficiaries
Delay in realisation of Power sales dues

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.

The effectiveness of compliance of Service Rules and Office Orders is subjected to periodical HR audit carried out with an objective to identify the deficiency/deviations and for initiating appropriate corrective measures

Discussion on Financial Performance with reference to operational performance

Covered in the main report

Environment Protection & Conservation, Technological conservation, Foreign Exchange conservation

Covered in the main report

Details of Significant changes in Key Financial Ratios

SI No.	Ratio	FY 2019-20	FY 2018-19	Variation (%)	Reason for variance 25% (+/-)
1	Debtor Turnover Ratio	1.50	2.12	-29.27%	Decrease in Debtor Turnover Ratio is due to poor realization from DISCOM's during the FY 2019-20.
2	Inventory Turnover Ratio	7.95	7.54	5.47%	
3	Interest coverage Ratio	2.33	2.76	-15.30%	
4	Debt Equity Ratio	2.11	1.98	6.72%	
5	Operating Profit Margin (%)	27.75	27.64	0.42%	
6	Net Profit Margin (%)	5.36	9.34	-42.61%	As per the CERC Regulation, regulatory deferral income of ₹14,186.22 lakh and 35,616.34 lakh has been recognised during the FY 2019-20 and FY 2018-19 respectively under capacity charges. Due to which net profit for the FY2018-19 is high when compared to FY 2019-20.
7	Current Ratio	0.75	0.76	-1.79%	

Corporate Social Responsibility

Covered in the main report

Material Developments in Human resources, Industrial Relation front, including number of people employed

Covered in the main report.

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 and hence it is cautioned not to place undue reliance on the forward looking statements.

for and on behalf of the Board of Directors

Place : Neyveli.
Date : 29.08.2020

RAKESH KUMAR
CHAIRMAN

Annexure-2

REPORT ON CORPORATE GOVERNANCE

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 corporate governance.

Board of Directors

The Board of Directors of your Company is headed by a Non-Executive Chairman and comprised of Non-Executive Directors. The composition of Board of Directors of the Company as approved by the Government of India is as follows:-

i) Directors representing NLCIL in ex-officio capacity		4
ii) Director representing Ministry of Coal		1
iii) Director representing TNEB (TANGEDCO)		1
v) Independent Directors		
a) Independent Director from NLCIL Board	-1	
b) Other Independent Directors	-2	3
	Total	9

The present Composition of Board of Directors of the Company is not fully confirming to the composition approved by the Government of India since three Independent Directors are required to be appointed on the Board of the Company. With regard to the appointment of three Independent Directors on the Board of the Company the matter has been referred to Ministry of Coal, the Administrative Ministry and the formal notification for appointment is awaited.

The particulars of the Board of Directors as on 31st March, 2020 and other details are furnished as follows:

Sl. No.	Name	Other Directorships held as on 31.03.2020	Other Committee* Membership held as on 31.03.2020	
	Directors representing NLCIL		As Member	As Chairman
1	Shri. Rakesh Kumar (DIN:02865335)	2	-	-
2	Shri. Nadella Naga Maheswar Rao (DIN:08148117)	1	-	-
3	Shri. Shaji John (DIN:08418401)	2	1	-
4	Shri.Jaikumar Srinivasan (DIN :01220828)	2	1	1
	Director representing TANGEDCO			
5	Shri. A. Ashok Kumar (DIN:08621963)	4	-	-
	Director representing Ministry of Coal			
6	Shri Mahendra Pratap (DIN: 08355546)	-	-	-

*Audit Committee and Stakeholders Relationship 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, mobilization 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 2019-20 nine meetings of the Board of Directors were held on the following dates:- 24th April 2019, 27th May 2019, 26th June 2019, 2nd August 2019,16th September 2019, 25th October 2019, 30th December 2019, 7th February 2020 and 28th March 2020.

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 Meeting held during the financial year 2019-2020 are as under:-

Sl. No.	Name	No. of Meetings attended	Remarks
1	Shri. Rakesh Kumar	9	
2	Shri. Nadella Naga Maheswar Rao	9	
3	Shri. Shaji John	9	
4	Shri. Jaikumar Srinivasan	2	Inducted w.e.f. 07.02.2020
5	Shri Mahendra Pratap	5	
6	Smt. S. Geetha	3	Relinquished w.e.f. 01.07.2019
7	Dr. Subodh Kumar	1	Inducted w.e.f. 03.08.2019 and Relinquished w.e.f. 13.11.2020
8	Shri. A. Ashok Kumar	3	Inducted w.e.f. 29.11.2019
9	Smt Nalini Padmanabhan	7	Relinquished w.e.f. 02.02.2020

Annual General Meeting Attendance:

Shri Rakesh Kumar, Chairman, Shri Nadella Naga Maheswar Rao, Shri Shaji John, Shri Mahendra Pratap, Directors, Smt.Nalini Padmanahaban, the then Director & the Chairman of the Audit Committee attended the last Annual General Meeting held on 2nd August,2019.

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, techno-commercial conditions, for placement of orders and entering into consultancy contracts as per the delegation granted by the Board. The Composition of Committee as on 31.03.2020, comprised Shri Nadella Naga Maheswar Rao, as its Chairman and Shri Shaji John, Shri Jaikumar Srinivasan and Shri A. Ashok Kumar as its Members.

Audit Committee:

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 Composition of Committee as on 31.03.2020 comprised Shri Nadella Naga Maheswar Rao, Director as its Chairman and Shri Shaji John, Shri Jaikumar Srinivasan and Shri A. Ashok Kumar as its Members. In the absence of required no. of Independent Directors on the Board, the Committee could not be constituted in accordance with the requirements of DPE Guidelines on Corporate Governance. The Committee was chaired by Smt. Nalini Padmanabhan, Independent Director till 01.02.2020 and on appointment of required number of Independent Directors, the Committee will be reconstituted as per the requirements.

During the financial year 2019-20 eight meetings of the Audit Committee of the Board of Directors were held on the following dates:-

27th May 2019, 26th June 2019, 2nd August 2019, 16th September 2019, 25th October 2019, 30th December 2019, 7th February 2020 and 28th March 2020.

The details of attendance of Members at the Audit Committee Meetings of the Company held during the year 2019-2020 are as under:-

Sl. No.	Name	No. of Meetings attended	Remarks
1	Smt. Nalini Padmanabhan	6	Relinquished w.e.f 02.02.2020
2	Shri. Nadella Naga Maheswar Rao	8	
3	Shri. Shaji John	8	
4	Smt. S. Geetha	2	Relinquished w.e.f 01.07.2019
5	Dr. Subodh Kumar	1	Inducted w.e.f 03.08.2019 and Relinquished w.e.f 13.11.2020
6	Shri. A. Ashok Kumar	2	Inducted w.e.f 29.11.2019
7	Shri.Jaikumar Srinivasan	1	Inducted w.e.f 07.02.2020

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

Corporate Social Responsibility Committee:

The terms of reference of the CSR Committee conform to the requirements of the provisions of the Companies Act, 2013. The Composition of Committee as on 31.03.2020 comprised Shri Shaji John as its Chairman and Shri Nadella Naga Maheswar Rao, Shri Jaikumar Srinivasan and Shri A. Ashok Kumar as its Members.

During the financial year 2019-20 two meetings of the CSR Committee of the Board of Directors were held on the following dates:-

30th December 2019 and 28th March 2020.

The details of attendance of Members at the CSR Committee Meetings of the Company held during the year 2019-2020 are as under:-

Sl. No.	Name	No. of Meetings attended	Remarks
1	Shri Nadella Naga Maheswar Rao	2	
2	Shri Shaji John	2	
3	Smt. Nalini Padmanabhan	1	Relinquished w.e.f 02.02.2020
4	Shri A. Ashok Kumar	2	Inducted w.e.f 29.11.2019
5	Shri Jaikumar Srinivasan	1	Inducted w.e.f 07.02.2020

Nomination and Remuneration Committee:

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

The Composition of Committee as on 31.03.2020 comprised Shri Nadella Naga Maheswar Rao, as its Chairman and Shri Shaji John, Shri Jaikumar Srinivasan and Shri A. Ashok Kumar as its Members. The Committee was chaired by Smt. Nalini Padmanabhan, Independent Director till 01.02.2020 and on appointment of Independent Directors, the Committee will be reconstituted as per the requirements. No meeting has been held during the year under review.

Presently the employees of NLCIL are transferred and posted in the Company and they are governed by the applicable rules of NLCIL 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 ₹ 5000/- for attending each Board/ Committee Meeting, no other remuneration is being paid to the Independent Director.

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 (CEO) 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 31st March, 2020".

General Body Meetings:

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

Year	Date and Time	Venue
AGM 2016-17	27.09.2017-10.00 Hours	First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.
AGM 2017-18	31.07.2018 -11.00 Hours	First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.
AGM 2018-19	02.08.2019 -10.00 Hours	First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.

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.

None of the Directors/KMPs of the Company is Inter-se related as on 31.03.2020.

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.

Details of administrative, office and financial expenses for the year under review and for the previous year are available in the annual accounts.

Means of Communication:

Financial statement is being reviewed by the Board represented by both the Promoters and no communication was made through newspaper.

Plant Location:

Coal based Thermal Power Project (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 2019-20.

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 safeguards against victimization of employees who avail of the mechanism.

Compliance

The Company has complied with the conditions of Corporate Governance as stipulated in DPE guidelines on Corporate Governance excepting those non-compliances as observed in the Certificate on Corporate Governance Report and the Secretarial Audit Report. The reasons for non-compliance have been furnished separately as reply to the observations of the Secretarial Auditor.

for and on behalf of the Board of Directors

Place : Neyveli.

Date : 29.08.2020

RAKESH KUMAR
CHAIRMAN

Annexure-3

Price Patt & Co.

Chartered Accountants

H.O. : 44, (Old No.108), Sir P.S. Sivasamy Salai, 2nd Street, Mylapore, Chennai - 600 004.

Ph : 044 - 24996708, 2499 3234, 2466 1485 Email-id : pricepattca@gmail.com, pricepatt1965@gmail.com

CERTIFICATE ON CORPORATE GOVERNANCE

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 31st March 2020 as stipulated in the Guidelines of Corporate Governance notified by the 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 the opinion on the financial statement of the Company.

3. In our opinion and to the best of information and according to the explanation given to us and the representations made by the Directors and management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the guidelines of Corporate Governance for CPSE's notified by DPE except for the following :

   i) As per the requirement of Clause 3.1.4 of the DPE guidelines on Corporate Governance stipulates that at least 1/3rd of the Board Members should be Independent Directors. However this has not been complied with.

   ii) As per the requirement of Clause 4.1.1 of the DPE guidelines on Corporate Governance stipulates that two-third of the members of Audit Committee shall be Independent Directors.However this has not been complied with.

   iii) As per the requirement of Clause 4.1.2 of the DPE guidelines on Corporate Governance stipulates that the Chairman of the Audit. Committee shall be headed by an Independent Director. However this has not been complied with w.e.f.02.02.2020.

   iv) As per the requirement of Clause 4.4 of the DPE guidelines on Corporate Governance stipulates that the quorum shall be either two members or 1/3rd of the members of the Audit Committee whichever is greater, but a minimum two Independent Directors must be present.However this has not been complied with.

v) As per the requirement of Clause 5.1 of the DPE guidelines on Corporate Governance stipulates that the Remuneration Committee should be headed by an Independent Director. However this has not been complied with w.e.f.02.02.2020.

4. 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 Price Patt & Co
Chartered Accountants
Firm Regn. No.002783S

S R TAGAT
Partner
Membership No. 025332
UDIN:20025332AAAAAL3875

Place : Chennai
Date : 19.06.2020

Annexure-4

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 programme

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 are displayed in the website of the company.

2. The Composition of the CSR Committee

1. Shri. Shaji John	-	Chairman
2. Shri. Nadella Naga Maheswar Rao	-	Member
3. Shri. A.Ashok Kumar	-	Member
4. Shri. Jaikumar Srinivasan	-	Member

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

₹ 25980.16 lakh

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

₹ 519.60 lakh

5. Details of CSR spent during the financial year 2019-20

a) Total amount to be spent for the financial year : ₹ 519.60 lakh

b) Amount unspent, if any : ₹ 103.70 lakh

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

(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	Contributed funds for improving the Assistance for Learning Acceleration for the Individual (ALAI) in Govt.Schools under CSR Activities through the Commissioner of School Education, Government of Tamil Nadu	Promoting Education	Tamil Nadu	55.64	55.64	55.64	Commissioner of School Education Department, Chennai, Government of Tamil Nadu
2	Cleaning of river & Desilting and deepening of tanks.	Environmental Sustainability	Thoothukudi (Local)	118.59	45.96	45.96	Direct
3	Green belt plantation and maintenance.	Environmental Sustainability	Thoothukudi (Local)	40.37	5.30	5.30	
4	Implemented Rural Health program at Ettivayal village in aspirational District, Ramanathapuram	Promoting Health Care	Ettivayal Village Aspirational District Ramanathapuram	5.00	5.00	5.00	Implemented through world community service centre
5	Contributed fund for Construction of Toilets in Railways stations	Preventive Health care and sanitation	Construction of toilets in Railway Station of Tamil Nadu	300.00	300.00	300.00	Construction of Toilets through RITES
6	COVID -19 Containment- Expenditure. As per Ministry of Corporate Affairs circular No.10/2020 dt 23.03.2020	Promoting Health Care & Preventive Health care and sanitation	Tuticorin		4.00	4.00	Direct
			Total	**519.60**	**415.90**	**415.90**	

*Give details of implementing agency.

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:

CSR amount to be spent for the financial year (F.Y.) 2019-20 as per Companies Act, 2013 is Rs. 519.60 lakhs (2% of average net profit of preceding three years) of which Rs. 415.90 lakh has been incurred. Hence unspent amount of Rs.103.70 lakh is to be carried forward to the next F.Y. 2020-2021. As a result, the carried forward amount would be over and above the next year's CSR allocation which is 2% of average net profit of the company the immediately preceding three years. The following are ongoing CSR activities as approved by the Board for the year 2019-20 which need to be continued so as to carry forward the unutilised amount of Rs.103.70 lakh, as the work could not be carried out within the Financial year due to the following reasons.

a) Desilting and deepening of tanks & Cleaning of Thamirabarani rivers as requested by District administration was taken up in last quarter of F.Y. 2019-20.

The five tanks have been taken up for desilting and deepening and the same could not be completed due to water stagnation due to rain as planned in FY 2019-20. The above work shall be carried out after drying the ponds and after relaxation of COVID-19 lockdown.

The removal of Jungle and Seemai Karuvelam in various places of Thamirabarani river could not be completed before F.Y. 31.03.2020 due to water flow. The above work will be completed during summer season.

b). Green belt plantation maintenance. The works become held up due to insufficient workforce on account of COVID-19 pandemic. The balance works will be carried out in the financial year 2020-2021.

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.

A responsibility statement of the CSR Committee is given below:

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 of CSR Committee

Annexure-5

A.K.Jain & Associates

Company Secretaries

No. 2, (New No.3), Raja Annamalai Road, First Floor, Purasawalkam,Chennai - 600 084

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2020

[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.

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31,2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

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

(ii) The Depositories Act, 1996 and the Regulations and the bye-laws framed there under;

(iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under; **(Not applicable to the Company during the Audit period)**

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

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

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009; **(Not applicable to the Company during the Audit period)**

(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)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998 **(Not applicable to the Company during the Audit period)** and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 (Listing Regulations) **(Not applicable to the Company during the Audit period)**

We further report that the Indian Electricity Act, 2003 and the rules made there under and Indian Boiler Act, 1923 and regulation made there under are specifically applicable to the Company.

We 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.

We have also examined the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (Standards).

(ii) Guidelines on Corporate Governance as issued by the Department of Public Enterprises applicable to Central Public Sector Enterprises (DPE Guidelines).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines standards etc.,except for the following:

1. *The composition of the Board of Directors did not comply with the requirements to have requisite numbers of Independent Directors as prescribed under the DPE Guidelines on Corporate Governance.*
2. *The composition of the Audit Committee did not comply with the requirements to have requisite numbers of Independent Directors as prescribed under the DPE Guidelines on Corporate Governance.*
3. *The requirements with respect to quorum for the meetings of the Audit Committee of the Board of Directors as prescribed under the 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 prescribed in the DPE guidelines on corporate Governance has not been complied with w.e.f. 02.02.2020.*
5. *The requirement to have an Independent Director as the Chairman of the Remuneration Committee as prescribed in the DPE guidelines on corporate Governance has not been complied with w.e.f. 02.02.2020.*
6. *The Company has not undertaken training programme for the new Board members appointed during the year as prescribed under the DPE Guidelines on Corporate Governance.*
7. *The requirement to have at least one woman Director on its Board as prescribed under the act has not been complied with w.e.f.02.02.2020.*

We 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.

Generally adequate notice was given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent in advance/at a shorter notice as per the provisions of the Act/ Regulations 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 or circulated at a shorter notice are considered vide supplementary agenda with the permission of the Chairman and with the consent of the Directors present in the meeting.

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.

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

We further report that during the audit period, there were no instances of:

i). Public/ Right/ Preferential issue of Share/ Debenture/ Sweat Equity etc.

ii). Redemption / Buy back of Securities.

iii). Major decisions taken by the members in pursuance to Section 180 of the Companies Act,2013.

iv). Merger/ Amalgamation/ Reconstruction etc.

v). Foreign Technical collaborations.

For A.K.JAIN & ASSOCIATES
Company Secretaries

BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 3550
UNIN : F005869B000585635

Place : Chennai
Date : 17.08.2020

Reply to the observations of Secretarial Auditor

<table>
<tr><th>Sl. No</th><th>Secretarial Auditor's Observations (as per Sl.No of the report)</th><th>Reply to the Observations of Secretarial Auditor</th></tr>
<tr><td>1</td><td>The composition of the Board of Directors did not comply with the requirements to have requisite numbers of Independent Directors as prescribed under the DPE Guidelines on Corporate Governance.</td><td>The issue relating to the appointment of the required number of Independent Directors on the Board of the Company, has been referred to the Ministry of Coal,the Administrative Ministry and the appointment is in process. On appointment of required Independent Directors on the Board, the requirement with regard to having at least 1/3rd of the Board with Independent Directors would be complied with.</td></tr>
<tr><td>2</td><td>The composition of the Audit Committee did not comply with the requirements to have requisite numbers of Independent Directors as prescribed under the DPE Guidelines on Corporate Governance.</td><td rowspan="2">In the absence of required number 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 requirements as prescribed would be complied with.</td></tr>
<tr><td>3</td><td>The requirements with respect to quorum for the meetings of the Audit Committee of the Board of Directors as prescribed under the DPE Guidelines on Corporate Governance has not been complied with.</td></tr>
<tr><td>4</td><td>The requirement to have an Independent Director as the Chairman of the Audit Committee as prescribed in the DPE guidelines on corporate Governance has not been complied with w.e.f. 02.02.2020.</td><td>The Audit Committee was chaired by an Independent Director till 01.02.2020 as per the requirements prescribed by DPE guidelines. Consequent to the relinquishment of an Independent Director on the Board of the Company with effect from 02.02.2020, the requirement to have Independent Director as the Chairman of the Audit Committee could not be complied with.
On appointment of Independent Director on the Board, the requirements as prescribed in the DPE guidelines would be complied with.</td></tr>
</table>

5	The requirement to have an Independent Director as the Chairman of the Remuneration Committee as prescribed in the DPE guidelines on corporate Governance has not been complied with w.e.f. 02.02.2020.	The Remuneration Committee was chaired by an Independent Director till 01.02.2020 as per the requirements prescribed by DPE guidelines. Consequent to the relinquishment of an Independent Director on the Board of the Company with effect from 02.02.2020, the requirement to have Independent Director as the Chairman of the Remuneration Committee could not be complied with. On appointment of Independent Director on the Board, the requirements as prescribed in the DPE guidelines would be complied with.
6	The Company has not undertaken training programme for the new Board members appointed during the year as prescribed under the DPE Guidelines on Corporate Governance	The new members appointed on the Board of the Company are from Promoter Companies and they are fully aware of the business module of the Company.
7	The requirement to have at least one woman Director on its Board as prescribed under the act has not been complied with w.e.f. 02.02.2020	One woman Director was on the Board till 01.02.2020 as prescribed under the Act. Consequent to the relinquishment of woman Director on the Board of the Company with effect from 02.02.2020, the requirement to have at least one woman Director on its Board as prescribed under the Act could not be complied with. On appointment of woman Director on the Board, the requirement as prescribed under the Act would be complied with.

for and on behalf of the Board of Directors

Place : Neyveli
Date : 29.08.2020

RAKESH KUMAR
CHAIRMAN

Annexure-6

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 TAMIL NADU POWER LIMITED, TUTICORIN FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of NLC Tamil Nadu Power Limited,Tuticorin for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act.This is stated to have been done by them vide their Audit Report dated 19 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of NLC Tamil Nadu Power Limited, Tuticorin for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

sd/-
(R. AMBALAVANAN)
Director General of Commercial Audit,
Chennai.

Place : Chennai
Date : 19.08.2020

Price Patt & Co.
Chartered Accountants
H.O. : 44, (Old No.108), Sir P.S. Sivasamy Salai, 2nd Street, Mylapore, Chennai - 600 004.
Ph : 044 - 24996708, 2499 3234, 2466 1485 Email-id : pricepattca@gmail.com, pricepatt1965@gmail.com

INDEPENDENT AUDITORS' REPORT

To

The Members of **M/s. NLC Tamil Nadu Power Limited**

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **M/s. NLC Tamil Nadu Power Limited ("the Company"),** which comprise the Balance sheet as at March 31,2020, the statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash flow for the year ended on that date and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone financial statements").

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Sl.No.	Key Audit Matters	Auditor's Response
1	**On 16.01.2019, Unit -2 of NTPL 2 x 500 MW Thermal Power Station tripped due to fire occurred near the generator end and the winding and other parts of the generator rotor got severely damaged. Consequently, Unit 2 was not in operation from that date.** **The Unit was repaired and synchronized on 27.07.2019. This resulted in loss of revenue from 01.04.2019 to 27.07.2019.**	**We found that vide agenda item No;82.14 in the Board meeting held on 06.02.2019 approval has been accorded for rectification of Unit 2 by recognizing the occurrence of the event.** **We noted that the Board was seized of the matter and noted the progress and synchro-nization of the Unit.**
2	**The Company has filed interim truing up petition with CERC claiming an amount of Rs.77,438.00 Lakhs towards discharged liabilities for capital expenditure from the date of commissioning up to 31.3.2018. The said expenditure is covered under the original scope of the work as approved in the project cost. Accordingly, an amount of Rs.12,682.50 Lakhs has been recognized under capacity charges during the year as per regulation.** **The same is explained in detail in Note 27 and Note 41 to financial statements.**	**Interim tariff order dated 11.7.2017 granted by the CERC had set 31.03.2018 as cut-off date for claiming the balance un-discharged liabilities in respect of the capital expenditure covered under the original scope of the work as approved in the project cost.** **The Company has reviewed (assessed) the regulatory deferral balances in respect of income and expenditure with reference to the underlying activities that meet the recognition criteria as per CERC Regulations.** **We verified this with reference to CERC Tariff Advisory Order 2014-19, interim order dated 11.07.2017 and final petition filed based on audited financials up to 31.03.2018.**

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS), including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard), Rules 2015 as amended and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 are prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

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

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

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

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

Emphasis of Matter

1. Without modifying our opinion, we draw attention to Note 47 of notes to financial statements - "Regarding External confirmation of balances from parties which are subject to confirmation and reconciliation."
2. Without modifying our opinion, we draw attention to Note 26 of notes to statement of Profit and Loss - Transit and Handling loss - Regarding Coal stock at offsite namely Dhamra Port and Paradip Port not being physically verified as on 31.03.2020 due to the lockdown (COVID-19)"

Report on Other Legal and Regulatory Requirements

1. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.;

(d) In our opinion, the aforesaid standalone financial Statements comply with the accounting standards specified under section 133 of the Act, read with relevant rules issued thereunder.

(e) As per the Notification No. G.S.R. 463(E) dated 05.06.2015, sub-section (2) of Section 164 of the Companies Act, 2013 is not applicable to Government Companies.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "ANNEXURE-A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone financial statements.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. - Refer to Note 44 of notes to financial statements.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

2. 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 "B" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.

3. As per 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 Annexure "C", a statement on the matters specifically so directed.

For Price Patt& Co.,
Chartered Accountants
Firm Regn. No. 002783S

(S R TAGAT)
Partner
Membership No. 025332
UDIN:20025332AAAAAL3875

Place : Chennai
Date : 19.06.2020

Price Patt & Co.
Chartered Accountants
H.O. : 44, (Old No.108), Sir P.S. Sivasamy Salai, 2nd Street, Mylapore, Chennai - 600 004.
Ph : 044 - 24996708, 2499 3234, 2466 1485 Email-id : pricepattca@gmail.com, pricepatt1965@gmail.com

Annexure "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NLC TAMIL NADU POWER LIMITED.

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

We have audited the internal financial controls over financial reporting of NLC Tamil Nadu Power Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and

(iii) 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 Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Patt& Co.,
Chartered Accountants
Firm Regn. No. 002783S

Place : Chennai
Date : 19.06.2020

(S R TAGAT)
Partner
Membership No. 025332
UDIN:20025332AAAAAL3875

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Phone : 044 - 24996708, 2499 3234, 2466 1485 Email-id : pricepattca@gmail.com,
pricepatt1965@gmail.com

Annexure "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NLC TAMIL NADU POWER LIMITED.

The Annexure referred to in Paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

(i) (a) The Company is maintaining records showing particulars of assets.

(b) These fixed assets have been physically verified by the Management during the year. We are informed by the Company, certain differences, including the conditions of some of the assets were noticed during physical verification of assets as on balance sheet date. A provision of Rs.30.38 Lakhs has been created in respect of the damaged assets as disclosed in Note 26 of notes to statement of Profit and Loss.

(c) According to the information and explanation given to us, in respect of leasehold land, Lease agreement is in the name of the Company.

Registration of title deed of free hold land of the Company, admeasuring 286.21 acres, acquired through the process of land acquisition from the Government of Tamil Nadu. is pending with the Government of Tamil Nadu.

(ii) Inventories have been physically verified during the year by the management at reasonable intervals. We are informed that no material discrepancies were noticed between book balance and physical balance.

(iii) As informed to us, the Company has not granted any loans, secured / unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) (a), 3 (iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.

(iv) The Company has not granted any loans or made any investments or provided any guarantee or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the order are not applicable to the Company.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the provisions of section 73 to 76 of the Act and the Rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act related to the manufacture of electricity and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have, however, not made a detailed examination of the same.

(vii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2020.

The Company has an arrangement with its holding Company, NLC India Limited (NLCIL), in respect of its proportionate liability towards gratuity and leave benefits of the staff working with it on secondment basis from NLCIL. Accordingly, the proportionate liability towards the same, determined on actuarial basis, is accounted through inter-company adjustment for onward remittance to the trust / fund managers.

(b) According to the information and explanations given to us there are no dues which have not been deposited by the Company on account of disputes in respect of Income tax, customs tax, GST and other statutory dues.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. The Company has not issued any debentures.

(ix) According to the information and explanations given to us, the Company has neither raised money by way of Public issue nor offer. The term loans obtained by the Company is applied for the purpose for which it was obtained.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) Being a Government Company, Section 197 of the Act regarding managerial remuneration is not applicable to the Company as per notification No. GSR 463(E), dated 05.06.2015.

(xii) The Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or not fully or partly convertible debentures during the year and hence paragraph 3 (xiv) of the order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) Based on the information and explanation given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934.

For Price Patt& Co.,
Chartered Accountants
Firm Regn. No. 002783S

(S R TAGAT)
Partner
Membership No. 025332
UDIN : 20025332AAAAAL3875

Place : Chennai
Date : 19.06.2020

Price Patt & Co.
Chartered Accountants
H.O. : 44, (Old No.108), Sir P.S. Sivasamy Salai, 2nd Street, Mylapore, Chennai - 600 004.
Phone : 044 - 24996708, 2499 3234, 2466 1485 Email-id : pricepattca@gmail.com, pricepatt1965@gmail.com

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NLC TAMIL NADU POWER LIMITED

The Annexure referred to the Paragraph 3 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date :

Sub :- Directions under Section 143(5) of the Companies Act, 2013

(i) Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

The Company has entered in to a Corporate Service Agreement with its parent Company, NLC India Limited (NLCIL) for certain services like Generation and Maintenance Planning, Human resources management, Procurement and contracts management etc. The Company has introduced with effect from 01.04.2018, an On-line Materials Management System (OLIMMS).

The Company's Financial accounting has been migrated to SAP from 01.04.2019.

(ii) Whether there is any restructuring of an existing loan or cases of waiver / write-off of debts / loans / interest etc., made by a lender to the Company due to the Company's inability to repay the loan? if yes, the financial impact may be stated.

There has been no cases of restructuring of loan or cases of waiver / write-off of debts / loans / interest etc., by a lender during the year.

(iii) Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per terms and conditions? List the cases of deviation.

According to the information and explanation furnished to us and so far as it appears from our examination of the books of account and records of the Company, no funds are received / receivable for any specific scheme from Central / State agencies by the Company.

For Price Patt & Co.,
Chartered Accountants
Firm Regn. No. 002783S

Place : Chennai
Date : 19.06.2020

(S R TAGAT)
Partner
Membership No. 025332
UDIN : 20025332AAAAAL3875

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakh)

Sl. No.	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	ASSETS			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	2	**5,36,349.24**	5,70,539.61
	(b) Right-of-Use Assets	3	**2,905.61**	3,073.24
	(c) Intangible Assets	4	**7.76**	11.21
	(d) Capital Work-in-progress	5	**1,379.65**	1,388.21
	(e) Other Non-current Assets	6	**20,969.44**	17,221.38
			561,611.70	592,233.65
2	**Current Assets**			
	(a) Inventories	7	**35,920.43**	25,572.61
	(b) Financial Assets	8		
	(i) Trade receivables	a	**1,83,749.06**	1,40,881.92
	(ii) Loans	b	**155.94**	217.97
	(iii) Cash and cash equivalents	c	**397.33**	463.86
	(iv) Other Bank balances	d	**43.94**	51.80
	(c) Other Current Assets	9	**32,778.72**	29,443.00
			253,045.42	1,96,631.16
3	**Regulatory Deferral Account Debit Balance**	10	**49,802.56**	35,616.34
	Total Assets and Regulatory Deferral Account Debit Balance		**8,64,459.68**	8,24,481.15
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	11	**2,18,804.20**	2,18,804.20
	(b) Other Equity	12		
	(i) Retained earnings	a	**30,319.47**	29,193.17
			2,49,123.67	2,47,997.37
	LIABILITIES			
1	**Non-Current Liabilities**			
	(a) Financial Liabilities	13		
	(i) Borrowings	a	**2,39,525.80**	2,86,240.85
	(b) Deferred Tax Liability (Net)	14	**27,229.41**	18,989.08
	(c) Other Non-Current Liabilities	15	**9,922.08**	12,816.27
			2,76,677.29	3,18,046.20
2	**Current liabilities**			
	(a) Financial Liabilities	16		
	(i) Borrowings	a	**2,37,994.71**	1,55,853.27
	(ii) Trade payables	b		
	Total outstanding dues of Micro and Small Enterprises		**351.17**	1,028.11
	Total outstanding dues of creditors other than Micro and Small Enterprises		**41,249.49**	36,482.95
	(iii) Other financial liabilities	c	**49,734.54**	52,191.39
	(b) Other current liabilities	17	**8,411.36**	12,201.41
	(c) Provisions	18	**917.45**	680.45
			338,658.72	258,437.58
3	**Regulatory Deferral Account Credit Balance**	19	**-**	-
	Total Equity and Liabilities and Regulatory Deferral Account Credit Balances		**8,64,459.68**	8,24,481.15

Notes to the financial statements and the Significant Accounting Policies (Note -1) annexed forms an integral part of the Balance Sheet.

For and on behalf of the Board

R.JAYASARATHY	D.DHANAPAL	K.S.GOPALAKRISHNAN	SHAJI JOHN	JAIKUMAR SRINIVASAN	RAKESH KUMAR
COMPANY SECRETARY	CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Place: Neyveli

Date : 19.06.2020

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

For Price Patt & Co.
Chartered Accountants,
Firm Regn. No. 002783S

S.R.TAGAT
Partner
M. No. 025332
Place : Chennai

Date : 19.06.2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakh)

Sl. No.	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
	INCOME			
I	Revenue From Operations	20	2,43,472.21	2,75,763.02
II	Other Income	21	23,623.01	14,163.65
III	**Total Income (I+II)**		2,67,095.22	2,89,926.67
IV	**EXPENSES**			
	Cost of materials consumed	22	1,53,358.67	1,75,730.34
	Employee benefits expenses	23	7,007.99	6,126.44
	Finance costs	24	45,155.09	45,728.10
	Depreciation and amortization expenses	25	37,575.80	37,671.58
	Other expenses	26	15,535.03	17,697.50
	Total Expenses (IV)		2,58,632.58	2,82,953.96
V	**Profit/(loss) before Exceptional Tax and Rate Regulatory Activity (III-IV)**		8,462.64	6,972.71
VI	Net Movement in regulatory deferral account balances income/(expenses)	27	14,186.22	35,616.34
VII	**Profit/(loss)before Exceptional items and Tax (V + VI)**		22,648.86	42,589.05
VIII	**Exceptional Items**		-	-
IX	**Profit after exceptional items and before tax (VII - VIII)**		22,648.86	42,589.05
X	**Tax expense:**			
	(1) Current tax			
	- Current Year Tax		1,490.92	1,502.53
	- Tax Expenses/(savings)on Rate Regulated Account		2,499.29	7,674.89
	- MAT Credit		(3,957.33)	(9,177.43)
	- Previous year		60.35	-
	(2) Deferred tax		8,240.33	15,514.72
	Total Tax Expenses		8,333.56	15,514.72
XI	**Profit for the period (IX - X)**		14,315.30	27,074.33
XII	**Other Comprehensive Income**		-	-
XIII	**Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period) (XI+XII)**		14,315.30	27,074.33
XIV	**Earnings per equity share (For continuing operations) (Before net regulatory deferral adjustments):**	28		
	(1) Basic (in ₹)		0.24	0.20
	(2) Diluted (in ₹)		0.24	0.20
XV	**Earnings per equity share (For continuing operations) (After net regulatory deferral adjustments):**	28		
	(1) Basic (in ₹)		0.65	1.24
	(2) Diluted (in ₹)		0.65	1.24

Notes to the financial statements and the Significant Accounting Policies (Note-1) annexed forms an integral part of the Statement of Profit & Loss.

For and on behalf of the Board

R.JAYASARATHY	D.DHANAPAL	K.S.GOPALAKRISHNAN	SHAJI JOHN	JAIKUMAR SRINIVASAN	RAKESH KUMAR
COMPANY SECRETARY	CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Place : Neyveli   Date : 19.06.2020

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

For Price Patt & Co.
Chartered Accountants,
Firm Regn. No. 002783S

S.R.TAGAT
Partner
M. No. 025332

Place : Chennai   Date : 19.06.2020

Cash Flow Statement for the year ended 31st March, 2020 **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
(i) Net Profit Before Tax	**8,462.64**	6,972.71
(ii) Adjustments for :		
Add : Depreciation	**37,575.80**	37,688.51
Interest Paid	**44,698.34**	42,814.50
Provisions	**237.00**	(330.87)
Less: Interest Income	**(28.99)**	(99.07)
(iii) Operating Profit before working Capital Changes	**90,944.79**	87,045.78
(iv) Working Capital Changes in		
Inventory	**(10,347.82)**	14,478.64
Trade Receivables	**(42,867.14)**	(21,693.93)
Loans	**62.03**	21.33
Other-Non-Current Assets	**-**	3456.66
Other Current Assets	**(3,335.72)**	(20,992.92)
Current Liabilities	**(597.21)**	5,081.39
Other Non Current Liabilities	**(2,894.20)**	(346.07)
Trade Payables	**4,089.60**	17,748.34
(v) Cash flow before taxes and extra-ordinary items	**35,054.33**	84,799.22
(vi) Direct tax paid	**(9,590.05)**	(3,804.33)
(vii) Interest on direct tax	**(32.88)**	-
(viii) Excess Provision for Tax written off	**(60.35)**	-
Net Cash flow from operations	**25,371.05**	80,994.89
B CASH FLOW FROM INVESTING ACTIVITIES		
(i) Purchase of Plant, Property & Equipment	**(3,013.49)**	(5,388.21)
(ii) Interest Income	**28.99**	99.07
Net Cash flow from investing activities	**(2,984.50)**	(5,289.14)
C CASH FLOW FROM FINANCING ACTIVITIES		
(i) Long Term Borrowings (Net)	**(46,715.05)**	(46,764.27)
(ii) Short Term Borrowings (Net)	**82,141.44**	13,579.90
(iii) Interest Paid	**(44,698.34)**	(42,814.50)
(iv) Dividend Paid (including Dividend Tax)	**(13,189.00)**	-
Net Cash flow from financing activities	**(22,460.95)**	(75,998.87)
Net Cash Increase / (decrease) in Cash and Cash Activities	**(74.39)**	(293.12)
Cash and Cash equivalents as at the beginning of the year	**515.66**	808.78
Cash and Cash equivalents as at the end of the year	**441.27**	515.66
Note:- () indicates cash outflow		
DETAILS OF CASH AND CASH EQUIIVALENTS	**As at March 31st 2020**	**As at March 31st 2019**
Cash at Bank in Current Accounts	**397.32**	463.84
Cash at Bank in Deposit Accounts	**43.94**	51.80
Others	**0.01**	0.02
Total	**441.27**	515.66

For and on behalf of the Board

R.JAYASARATHY	**D.DHANAPAL**	**K.S.GOPALAKRISHNAN**	**SHAJI JOHN**	**JAIKUMAR SRINIVASAN**	**RAKESH KUMAR**
COMPANY SECRETARY	CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Place : Neyveli

Date: 19.06.2020

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

For Price Patt & Co.
Chartered Accountants,
Firm Regn. No. 002783S

S.R.TAGAT
Partner
M. No. 025332

Place : Chennai

Date: 19.06.2020

Statement of Changes in Equity for the year ended 31st March, 2020

A. Equity Share Capital

Name of the Shareholder	As at 01.04.2019		Movement during the year		As at 31.03.2020	
	No.of Shares	Equity Share Capital at face value of ₹10.00 each (₹in lakh)	No.of Shares	Equity Share Capital at face value of ₹10.00 each (₹in lakh)	No.of Shares	Equity Share Capital at face value of ₹10.00 each (₹in lakh)
(i) NLC India Ltd., - 89%	1947357380	1,94,735.74	-	-	1947357380	1,94,735.74
(ii) TANGEDCO - 11%	240684620	24,068.46	-	-	240684620	24,068.46
Total	2188042000	2,18,804.20	-	-	2188042000	2,18,804.20

B. Other Equity
Statement of Changes in Equity

(₹ in lakh)

Particulars	Retained Earnings and Other Reserves
Balance as on 31st March, 2019	**29,193.17**
<u>Total Comprehensive Income for the year</u>	
Profit or Loss	14,315.30
Other Comprehensive income	-
Total Comprehensive Income	**14,315.30**
Dividend including DDT	(13,189.00)
Appropriations	-
Any Other Changes (Re-measurement Loss)	-
Other Changes (Prior period items)	-
Balance as on 31st March, 2020	**30,319.47**

For and on behalf of the Board

R.JAYASARATHY	D.DHANAPAL	K.S.GOPALAKRISHNAN	SHAJI JOHN	JAIKUMAR SRINIVASAN	RAKESH KUMAR
COMPANY SECRETARY	CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR	CHAIRMAN

Place : Neyveli
Date: 19.06.2020

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

For Price Patt & Co.
Chartered Accountants,
Firm Regn. No. 002783S

S.R.TAGAT
Partner
M. No. 025332

Place : Chennai
Date: 19.06.2020

NLC TAMIL NADU POWER LIMITED

NOTE-1
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2020

(Expressed in INR lakhs, unless otherwise stated)

Reporting entity

NLC Tamil Nadu Power Limited (NTPL), is a subsidiary company of NLC India Ltd, registered under the erstwhile Companies Act, 1956 with its registered office located at First Floor, No. 8, Mayor Sathyamurthy Road, FSD, Egmore Complex of FCI, Chetpet, Chennai - 600031. NTPL is engaged in the business of generation of power by using coal.

Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 and the Electricity Act, 2003.

The financial statements have been prepared on a historical cost basis, except otherwise stated.

The financial statements are presented in Indian Rupees ('INR') which is also the Company's functional currency. All amounts are rounded to the nearest lakhs, except otherwise indicated.

b. Use of Estimates and Judgements

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes, requiring a material adjustment in the carrying amounts of assets or liabilities in the future periods. Difference between the actual results and estimates are recognised in the financial year in which the results are known or materialised.

c. Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

d. Useful life and residual value of property, plant and equipment and intangible assets

The useful life and residual value is estimated considering several factors including usage, obsolescence, technological advancements and other macro factors like solidity, firmness of the industry and the intensity of the maintenance expenditure incurred to maintain the asset in a condition to get the expected future cash flow from the asset.

Useful life and residual value of the assets relating to power generation are prescribed under the Central Electricity Regulatory Commission ('CERC') Tariff Regulations in accordance with Schedule II of the Companies Act, 2013.

The Company reviews at the end of each reporting date, the useful life and residual value of assets other than those relating to power generation which are governed by CERC Regulations and are adjusted prospectively if found appropriate.

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

e. Measurement of fair values

Company's accounting policies and disclosures require measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is required, the Company assesses the evidence obtained by the third parties to support the conclusions that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Significant Accounting Policies

I. Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of taxes, duties, freight, and installation and allocated incidental expenditure during construction/acquisition and necessary adjustments in the year of final settlement. The cost of Property, Plant and Equipment also includes the present value of obligations arising, if any, from decommissioning, restoration and similar liabilities related to the same. The present value of those costs (decommission and/or restoration costs) is capitalised as an asset and depreciated over the useful life of the asset.

In accordance with Ind AS 101, the Company has availed the exemption where in the carrying value of the PPE as per Previous GAAP has been treated as the deemed cost on the date of transition to Ind AS.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Items costing more than 25% of the original cost of the whole of the asset(s) are only considered as significant part.

Cost of a self-constructed item of property, plant and equipment includes the cost of materials, direct labour, and any other costs including borrowing cost and overhead expenses directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Indirect expenses other than administrative overheads relating to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related assets.

Subsequent expenditure

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

Expenditure on major inspection and overhauls of generating unit is capitalised, when it meets the asset recognition criteria as per Ind AS 16.

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

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

Land

Land purchased / acquired by the Company are in accordance with and subject to the provisions of the Land Acquisition Act, 1894 / Tamil Nadu Acquisition of land for Industrial Purpose Act 1997, Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 and amendments / change made by the respective State Government from period to period in which the land is located.

Land is capitalised with reference to the date of obtaining the physical possession of land / transfer of title deed at the value of consideration paid, deposits, payments / liabilities made provisionally towards compensation, rehabilitation expenses and other incidental expenses pertaining to acquisition / possession of land.

Spares and Equipment

Initial spares purchased along with property, plant and equipment are capitalised and depreciated along with the main asset.

Items of spare parts, stand - by equipment and servicing equipment which meet the definition of property, plant and equipment as per Ind AS 16 are capitalized. Other spare parts are carried as inventory and recognised in the statement of profit and loss on consumption.

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

Capitalisation and Depreciation

a. Thermal Power Generation Unit

Test and trial production for Thermal Power Generation unit commences from the date of synchronisation and goes up to the date of commercial commissioning. The date of receipt of certificate from the statutory authorities pursuant to seventy - two hours full load operation is deemed as the date of commercial operation date (COD) for commissioning of the units. Depreciation charge commences from the month of commercial operation. Direct expenses and interest charges incurred during the test and trial run are capitalised and the revenue from Sale of Power, if any, earned during that period is abated to the capital cost of the project.

b.Depreciation / Amortisation

Depreciation is provided on cost of the property, plant and equipment net of estimated residual values over their estimated useful lives and is recognised in the Statement of Profit and Loss. Freehold land is not depreciated.

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

Description of Assets covered	Basis
i. Assets of Thermal Power Stations excluding vehicles other than Ash Tippers	The Company follows the provisions of the Electricity Act 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.
ii. Buildings a) Residential Buildings	At useful life prescribed in Schedule II to the Companies Act, 2013.
b) Non-residential Buildings	At technically assessed life or useful life prescribed in Schedule II to the Companies Act, 2013.
iii. Other Assets	At useful life prescribed in Schedule II of the Companies Act, 2013.
iv. Decommissioning cost capitalised with Property, Plant and Equipment	Depreciated similar to that of the Parent Asset
v. Spares treated as PPE	At technically assessed life of spare
vi. Asset costing less than INR 5,000	Fully depreciated in the year the asset is available for use

Property, plant and equipment relating to Research and Development are depreciated in a like manner as any other asset of the Company.

In the year of commissioning/retirement of assets, depreciation is calculated on pro-rata basis, for the period the asset is available for use.

Derecognition

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

II. Intangible Assets

Recognition and measurement

The Company recognises an intangible asset and measures that at cost if, and only if:

a. It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

b. the cost of the asset can be measured reliably.

Research and development Cost - Research costs are expensed as and when incurred. Development cost, if reliably measurable, on an individual project are recognised as an intangible asset when the Company can demonstrate the requirements as specified in Ind AS 38 are met.

Other intangible assets - Other Intangible Assets including Computer software that are acquired by the Company for an amount more than ₹10 lakh and have finite useful lives are measured at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Development (Internally generated projects)	Over the estimated useful life.
Expenditure during projects and subsequent expenditure	Over the residual life of the parent asset
Software costing more than INR 10 lakh	5 years

Gains or losses arising from derecognition of an intangible asset are recognised in the Statement of Profit and Loss.

III. Inventories

Inventories are valued at the lower of cost and net realizable value.

Stock Items	Basis
Coal	At weighted average acquisition cost
Stores and spares including, light diesel oil, heavy furnace oil	At weighted average acquisition cost
Waste product, used belt reconditioned, Stores and Spares discarded for disposal, and canteen Stores	NIL
Goods in Transit including goods received but pending inspection / acceptance	Cost of acquisition

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

IV. Prepaid expenses

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

V. Financial Instruments

Non-derivative financial assets

Initial recognition and measurement

Financial assets are recognised at its fair value plus or minus, in the case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets measured at amortised cost:

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Company's financial assets consist of staff advances, trade receivables, etc.

Derecognition

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial asset expire, or
- The right to receive cash flows from the asset has been transferred; or
- The contractual right to receive the cash flow is retained and also an obligation to pay the received cash flows in full without material delay to a third party under an arrangement is assumed.

Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings, etc.

Subsequent measurement

Financial liabilities measured at amortised cost.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised upon extinguishment of such liability, i.e., through discharge or cancellation or expiration of the obligation under the liability. An exchange of debt instruments with substantially different terms or a substantial modification of the terms of the existing financial liability or part of it shall be accounted for as extinguishment of original financial liability and recognition of new financial liability. Any differences arising between the respective carrying amount is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount presented in the balance sheet when and only when the Company:

- Currently has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

VI. Impairment

Financial assets (including receivables)

Expected loss are measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided.

Non-financial assets

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

Impairment losses are provided for Cash Generating Units (CGU) and also for individual assets.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment loss of individual assets being the excess of the carrying amount over its recoverable amount is recognised in the Statement of Profit & Loss

On review of impairment loss at the end of each reporting period any decrease in or non-existence of impairment loss are recognised accordingly.

VII. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is the use of fair value at the measurement date in measuring the assets and liabilities of an entity. The Company opts not to follow fair value measurement except where it is required to follow as per Ind AS 113 viz., in respect of financial assets and financial liabilities.

VIII. Government/Other Grants

Related to assets

Grants related to assets are presented in the balance sheet by setting up the grant as deferred income when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the grant. The deferred income is recognised in statement of profit and loss on a systematic basis over the useful life of the asset.

Related to income

Grants related to income are those which are not related to assets are recognised in profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate or when the conditions related to the grant is fulfilled.

IX. Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Short term employee benefits comprise of wages, salaries, incentives, short term leave salary etc.

Post-employment benefits

Obligations for contributions to post-employment benefits are expensed as the related services are provided.

The company's liability towards Gratuity, Post-Retirement Medical Facilities, Earned Leave, Half-Pay Leave, and Provident Fund are considered as Defined Benefit Plan and provided for in accordance with the Guidelines issued by Department of Public Enterprises. Contribution towards Provident Fund and Gratuity is recognised as per the valuation made by an Independent Actuary and these amounts are funded to the respective Trust/Institution.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The amount of defined benefit obligations is computed quarterly and annually by an independent actuary using the projected unit credit method and accounted accordingly.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income (OCI). Net interest expense/income, service cost and other expenses related to defined benefit plans are recognized in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain / loss on curtailment is recognised immediately in profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Terminal benefits

Terminal benefits like Voluntary Retirement Service are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

X. Prior period items, Accounting estimates and effect of change in Accounting Policy

Prior period items/errors of material nature are corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred. If the prior period error found material occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

The effect of change in accounting estimate is recognised prospectively in the Statement of Profit and Loss except where they relate to assets and liabilities, the same is recognised by adjusting the carrying amount of related assets/liability/equity in the period of change.

Changes in accounting policy due to initial application of Ind AS are dealt with in accordance with specific transitional provisions, if any in Ind AS. In other cases, the changes in accounting policy are done retrospectively; the application of such change is limited to the earliest period practicable.

XI. Events occurring after the balance sheet date

Events of material nature occurring after the balance sheet date are those events that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors. Such events are disclosed or given effect to in the financial statements as provided for in Ind AS 10.

XII. Revenue Recognition

Revenue from Operation includes sale of Power generated by Thermal Power Station, sale of by products & joint products.

Revenue is recognised as per Ind AS-115 when the following criteria are met

a. The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

b. The entity can identify each party's rights regarding the goods or services to be transferred;

c. The entity can identify the payment terms for the goods or services to be transferred;

d. The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

e. It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Sale of power generated by Thermal Power Stations

Sale of power is accounted in accordance with the provisions of the Electricity Act, 2003, wherein the tariff rates are approved by the Central Electricity Regulatory Commission (CERC)/ State Electricity Regulatory Commission (SERC).

However, the order of CERC when contested sale of power continues to be accounted as per petition filed based on the guidelines issued by CERC pending disposal of Appeal by APTEL.
In case where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of relevant CERC's guidelines are adopted.

Exchange differences arising from settlement of monetary items denominated in foreign currency to the extent recoverable from or payable to beneficiaries for the current accounting period as per the CERC Tariff Regulations are accounted for as Revenue / Expenditure, respectively.

Rebates / discounts allowed to beneficiaries / customers for early payment incentives are netted off with the amount of revenue from operations.

Sale of Un-requisitioned Surplus Power

Sale of surplus power (if any) which is traded through power exchange on consent from the beneficiaries is accounted net off sharing of any gain arising from such sale.

Other Income

Other income includes interest income, insurance claims, surcharge and income from sale of Scrap.

Interest income

Interest income with respect to advances provided to employees is recognised using the effective interest rate. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.
In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.
Interest income due on income tax recoverable is recognised in the year of acceptance of the claim.

Insurance claims

Insurance claims are recognised in the period in which there is acceptance of the claim / certainty of realisation, as the case may be.

Surcharge

The interest/surcharge on late payment/overdue sundry debtors on thermal power is recognised based on agreement with beneficiaries. On renewable power the same is recognised based on realisation / certainty of realisation.

Scrap Sale

Scrap is accounted for as and when sold.

XIII. Foreign currency transactions

Initial recognition and measurement

Foreign currency transaction is recorded in the functional currency, by applying to the foreign currency exchange rate between the functional currency and the foreign currency at the date of the transaction.

Subsequent measurement

Foreign currency monetary items are translated at the closing rate at the end of each reporting period.

Recognition of exchange gain/loss

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were recorded on initial recognition during the period or translated in previous financial statements are recognised in profit and loss in the period in which they arise.

The Company has availed the exemption provided under Ind AS from recognising such exchange difference in the Statement of Profit and Loss, the exchange difference arising on translation of long term foreign currency monetary items recognized in the financial statements prior to 31st March 2016 as per the previous GAAP and continues to capitalize the same.

XIV. Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss; and

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are adjusted accordingly.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria(s) set out in Ind AS 12 are met.

XV. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in respect of long term foreign currency liabilities of the respective asset to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs (net of interest earned on temporary investments) directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Interest is computed on weighted average cost of funds deployed. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalisation of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for qualifying asset.

All other borrowing costs are expensed in the year in which they occur.

XVI. Leases

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

At inception of a contract, the company assesses whether a contract is, or contains, a lease as per the requirements under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices and aggregate standalone prices of non-lease components. However, for the leases of land and buildings and vehicles in which it is a lessee, the Company has elected not to separate non-lease components and account for lease and non-lease components as a single lease component.

i. As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and as estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease payments included in the lease liability comprise of fixed payments (including in-substance fixed payments), residual value guarantees, and where the Company is reasonably certain to exercise purchase, renewal and termination options includes exercise price under a purchase option, lease payments in an optional renewal period and penalties for early termination of a lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there are any reassessments or lease modifications or revised in-substance fixed payments, When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right -to-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities in loans and borrowings in the balance sheet.

Short-term leases and leases of low - value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for all short-term leases that have lease term of 12 months or less and leases of low value. The Company recognizes the lease payments associated with these as an expense on a straight-line basis or any other systematic basis over the lease term.

ii. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease as per requirements under Ind AS 116.

To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 to allocate the consideration in the contract. The Company recognises lease payments received under operating leases as income on a straight-line basis over term as part of 'other income'.

Transition to Ind AS 116

The Company applied Ind AS 116 with a date of initial application of 1 April 2019, using the modified retrospective approach, under which the cumulative effect of initial application is recognised in opening retained earnings at 1 April 2019 and accordingly, the comparative information has not been restated and continues to be reported under Ind AS 17.

On transition, the Company elected to apply the practical expedient and grandfathered the assessment of which transactions are leases. Accordingly, if applied Ind AS 116 only those contracts that were previously assessed and identified as leases under Ind AS 17 without any further assessment under Ind AS 116. Therefore the definition of a lease under Ind AS 116 was applied only to contracts entered in to on or after 1 April 2019.

XVII. Provisions and Contingent Liability

Recognition and measurement

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are not discounted to present value.

Contingent Liability is not provided for in the accounts and are disclosed by way of notes.

XVIII. Cash and Cash equivalents

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

XIX. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. adjusted for own shares held.

Diluted EPS is calculated by taking the weighted average number of ordinary shares which is calculated for basic earnings per share and adjusted to the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period or, if later, the date of the issue of the potential ordinary shares.

XX. Dividend

Dividends and interim dividends payable to Company's shareholders are recognised as changes in equity in the period in which they are approved by the share holders' meeting and the Board of Directors respectively.

XXI. Cash Flow Statement

Cash flow statements is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flow'.

XXII.Regulatory Deferral Accounts

Expenses / Income recognised in the statement of profit and loss to the extent recoverable from / payable to the beneficiaries in the subsequent periods as per CERC tariff regulations are recognised as Regulatory Deferral Account balances. Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from / payable to the beneficiaries.

Pending the disposal of review / appeal petitions filed by the company against adverse orders before CERC / SERC / Other Appellate Authorities the impact of the said orders are considered under Regulatory Deferral Account in the Statement of profit and loss of the respective financial year. In case of appeal by the beneficiary against the CERC / SERC order, the impact of the same is not considered as regulatory deferral liability and disclosed under contingent liability.

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

Regulatory deferral account balances are presented as separate line item in the balance sheet. The movement in regulatory deferral account balances for the reporting period is presented as a separate line in the statement of profit and loss.

NOTES TO BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

2. Tangible Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2019	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2020	As at 31st March 2019	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Freehold Land*	3,487.76	51.82	-	**3,539.57**	-	-	-	**-**	**3,539.57**	3,487.76
Buildings	11,017.11	334.70	-	**11,351.81**	1,096.74	-	422.00	**1518.74**	**9,833.06**	9,920.36
Electrical Installations	479.12	-	-	**479.12**	181.29	-	25.94	**207.23**	**271.90**	297.82
Water Supply	545.11	10.36	-	**555.47**	84.98	-	29.04	**114.02**	**441.45**	460.13
Plant & Machinery**	691,537.73	2,771.82	-	**694,309.55**	136,013.66	-	36,837.96	**172,851.62**	**521,457.93**	555,524.05
Furniture & Equipment	1,083.27	45.64	-	**1,128.91**	280.18	-	81.37	**361.55**	**767.34**	803.09
Vehicles	98.77	-	-	**98.77**	52.38	-	8.41	**60.79**	**37.97**	46.39
Assets Costing ₹ 5000/- and below	12.31	-	-	**12.31**	12.31	-	-	**12.31**	**-**	-
Total	**7,08,261.17**	3,214.34	-	**711,475.50**	**137,721.55**	-	**37,404.72**	**175,126.24**	**5,36,349.24**	**570,539.61**
Previous year	**696,004.79**	12,256.38	-	**708,261.17**	**100,207.66**	-	**37,513.88**	**137,721.55**	**570,539.61**	**-**

There is no impairment loss identified for the assets during the year.

* During the FY 2019-20 an amount of ₹ 51.82 Lakh has been capitalised under Freehold land. Possession and right to use of the asset is held by NTPL. However registration formalities are pending with State Government Authorities.

** Items of spare parts, stand by equipment and servicing equipment which meet the definition of property. plant and equipment as per Ind AS 16 are capitalized. Threshold value of ₹ 5.00 lakh per unit of spares. and having useful life of more than 1 year has been approved for the purpose of identification and classification of any spares as capital spares. During the year, an amount of ₹ 2,257.18 lakh value of capital spares has been capitalised under Plant & Machinery and accordingly an amount of ₹ 406.02 lakh has been depreciated on the basis of technically estimated useful life.

3. Right-of-Use Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2019	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2020	As at 31st March 2019	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Leasehold Land	5,028.93	-	-	**5,028.93**	1,955.69	-	167.63	**2,123.32**	**2,905.61**	3,073.24
Total	**5,028.93**	-	-	**5,028.93**	1,955.69	-	167.63	**2,123.32**	**2,905.61**	3,073.24
Previous year	5,028.93	-	-	**5,028.93**	1,788.06	-	167.63	**1,955.69**	**3,073.24**	-

4. Intangible Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2019	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2020	As at 31st March 2019	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Computer Software	33.30	-	-	**33.30**	22.09	-	3.45	**25.54**	**7.76**	11.21
Total	**33.30**	-	-	**33.30**	22.09	-	3.45	**25.54**	**7.76**	11.21
Previous year	26.12	7.18	-	**33.30**	15.11	-	6.98	**22.09**	**11.21**	-

There is no impairment loss identified for the assets during the year.

NOTES TO BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

2. Tangible Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2018	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2019	As at 31st March 2018	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Freehold Land*	-	3,487.76	-	**3,487.76**	-	-	-	**-**	**3,487.76**	-
Buildings	6,794.03	4,223.08	-	**11,017.11**	670.71	-	426.03	**1096.74**	**9,920.36**	6,123.31
Electrical Installations	479.12	-	-	**479.12**	155.35	-	25.94	**181.29**	**297.82**	323.77
Water Supply	302.02	243.10	-	**545.11**	38.25	-	46.73	**84.98**	**460.13**	263.77
Plant & Machinery**	687,598.17	3,939.56	-	**691,537.73**	99,090.26	-	36,923.40	**136,013.66**	**555,524.05**	588,507.92
Furniture & Equipment	722.16	361.11	-	**1083.27**	193.24	-	86.94	**280.18**	**803.09**	528.92
Vehicles	97.44	1.33	-	**98.77**	47.99	-	4.39	**52.38**	**46.39**	49.45
Assets Costing Rs.5000/- and below	11.85	0.45	-	**12.31**	11.86	-	0.45	**12.31**	**-**	-
Total	**696,004.79**	12,256.38	-	**708,261.17**	**100,207.69**	-	**37,513.88**	**137,721.55**	**5,70,539.61**	**595,797.14**
Previous year	**684,470.58**	11,534.21	-	**696,004.79**	**64,022.37**	-	**36,185.29**	**100,207.65**	**595,797.13**	**-**

There is no impairment loss identified for the assets during the year.

* During the FY 2018-19 an amount of ₹ 3,487.76 lakh has been capitalised under Freehold land. Possession and right to use of the asset is held by NTPL. However registration formalities are pending with State Government Authorities.

**Depreciation for the year includes prior period depreciation of ₹ 488.55 Lakh.

3. Right-of-Use Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2018	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2019	As at 31st March 2018	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Leasehold Land	5,028.93	-	-	**5,028.93**	1,788.06	-	167.63	**1955.69**	**3,073.24**	3,240.86
Total	5,028.93	-	-	**5,028.93**	1,788.06	-	167.63	**1955.69**	**3,073.24**	3,240.86
Previous year	5,028.93	-	-	**5,028.93**	1,620.43	-	167.63	**1788.06**	**3,240.86**	-

4. Intangible Assets

(₹ in lakh)

Description	Gross Block				Accumulation Depreciation				Net Block	
	As at 31st March 2018	Additions/ Transfers Adjt.	Disposals/ Transfer/ Adjt.	As at 31st March 2019	As at 31st March 2018	Withdrawals/Transfers/ Adjt.	For the Period	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Computer Software	26.12	7.18	-	**33.30**	15.11	-	6.98	**22.09**	**11.21**	11.01
Total	26.12	7.18	-	**33.30**	15.11	-	6.98	**22.09**	**11.21**	11.01
Previous year	14.11	12.02	-	**26.12**	14.11	-	1.00	**15.11**	**11.01**	-

There is no impairment loss identified for the assets during the year.

NOTES TO BALANCE SHEET

5. CAPITAL WORK IN PROGRESS - CWIP

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Work in Progress	**1,379.65**	1,388.21
Total	**1,379.65**	1,388.21

6. Other Non Current Assets:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Considered Good:		
Advance for Capital Goods	**45.38**	237.67
Receivable towards Income Tax*	**239.53**	243.60
MAT Credit Entitlement	**20,684.53**	16,740.10
Total	**20,969.44**	17,221.37

* Receivable towards Income Tax includes ₹ 36.55 Lakh as deposit (15% on demand raised for the AY 2014-15) for the purpose of filing appeal.

CURRENT ASSETS

7. Inventories

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Coal	**20,981.60**	17,995.74
Coal in transit*	**8,011.44**	1,793.76
Fuel Oil	**950.78**	785.23
Stores & Spares**	**5,976.61**	4,997.88
Total	**35,920.43**	25,572.61

Inventory valuation - Inventories are valued at the lower of cost and net realisable value. Cost for these purposes are as follows:

(i) Coal - At weighted average acquisition cost

(ii) Stores and spares including light diesel oil, heavy furnace oil - At weighted average acquisition cost

(iii) Waste product, used belt reconditioned, stores and spares discarded for disposal and canteen stores - Nil value

(iv) Goods in transit including goods received but pending inspection / acceptance - At cost of acquisition

* Coal stock at off site namely Dhamra Port and Paradip Port will be taken for stock verification after lifting of lockdown period (COVID-19), Physical verification of Coal stock at off site been carried out up to 31.12.2019.

** Items of spare parts, stand by equipment and servicing equipment which meet the definition of property, plant and equipment as per Ind As 16 are capitalized. Threshold value of ₹ 5.00 lakh per unit of spares and having useful life of more than 1 year has been approved for the purpose of identification and classification of any spares as capital spares. In this regard, an amount of ₹ 1,582.32 lakh have been identified and capitalised during the FY 2019-20.

8. FINANCIAL ASSETS:

a) Trade Receivables:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Secured, considered good*	**17,702.00**	-
Unsecured, considered good	**166,047.06**	140,881.92
Total	**183,749.06**	**140,881.92**

* DISCOM's have submitted Letter of Credit in compliance to the directions of MoP vide order dated 28/06/2019 w.e.t.01/08/2019 regarding opening & maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements.

b) Loans:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Loans to Employees		
Secured Loans	**123.27**	155.05
Unsecured, considered good	**32.67**	62.92
Total	**155.94**	**217.97**

c) Cash and Cash Equivalents:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
(A) With Scheduled Banks in Current Accounts		
Bank of India, Tuticorin - CA	**1.00**	1.04
Bank of India, Tuticorin -E-Freight	**118.45**	119.52
State Bank of India, Tuticorin - CA	**101.68**	283.87
State Bank of India, Tuticorin - E-Freight	**131.89**	59.41
Bank of India, Tuticorin - MCL - E-Freight	**24.15**	-
Bank of India, Tuticorin - IEX Trading Settlement	**20.15**	-
	397.32	**463.84**
(B) Others		
Stamps on hand	**0.01**	0.02
Total	**397.33**	**463.86**

d) Other Bank Balances

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
State Bank of India, Tuticorin - Land for ash dyke*	43.94	51.80
	43.94	51.80

*Deposit towards Land Acquisition as per the order of National Lok Adalat.

9.Other Current Assets **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received		
- Employees	248.07	77.99
- Others	304.49	457.60
Advance for purchase of Coal	1,943.66	4,785.49
Advance for purchase of Fuel Oil	77.12	532.95
Advance for Rail Freight	313.32	6.89
Coal Incentive Recoverable	-	6,031.61
Prepaid expenses	2,084.45	241.04
Unbilled Revenue*	27,644.84	17,194.09
Others	162.77	115.33
Total	**32,778.72**	29,443.00

*Unbilled Revenue includes billing done after 31st March for sale of power.

10. Regulatory Deferral Account Debit Balances **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Spares Consumed	3,555.54	2,880.68
Wage revision	3,036.66	3,036.66
Gratuity	49.61	49.61
GST Impact	110.39	110.39
Unbilled Power Sales / CERC Order	42,221.50	29,539.00
Security Expenses	828.86	-
Total	**49,802.56**	**35,616.34**

Equity and Liabilities

11.Equity Share Capital: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Authorised, Issued, Subscribed and Paid - up Share Capital		
(a) Authorised 250,00,00,000 Equity Share of par value ₹10/- each (250,00,00,000 Equity Share of par value ₹10/- each as at 31st March 2019)	**2,50,000.00**	2,50,000.00
(b) Issued, Subscribed and Paid up 218,80,42,000 Equity Share of par value ₹10/- each fully paid (218,80,42,000 Equity Share of par value ₹10/- each fully paid as at 31st March 2019)	**2,18,804.20**	2,18,804.20

Rights attached to each class of Shares

The Company has only one class of equity shares having a par value of ₹10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meetings of shareholders.

Reconciliation of No.of Shares in the beginning and at the end of the year including shareholders holding more than 5% of the shares of the Company

(a) Number of Shares at the beginning of the year			
(i) NLC India Ltd., - 89%		1947357380	1947357380
(ii) TANGEDCO - 11%		240684620	240684620
	Total	2188042000	2188042000
(b) Number of Shares issued during the year			
(i) NLC India Ltd.,		-	-
(ii) TANGEDCO		-	-
	Total	-	-
(c) Number of Shares bought back during the year			
(i) NLC India Ltd.,		-	-
(ii) TANGEDCO		-	-
	Total	-	-
(d) Number of Shares at the end of the year			
(i) NLC India Ltd., - 89%		1947357380	1947357380
(ii) TANGEDCO - 11%		240684620	240684620
	Total	**2188042000**	2188042000

12. Other Equity:

a) Retained Earnings:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
As at the beginning of the year	29193.17	2118.84
Profit for the year	14315.30	27074.33
Appropriations:		
Dividend for the FY 2018-19	(10940.21)	0.00
Tax on Dividend for the FY 2018-19	(2248.79)	0.00
As at the end of the year	**30,319.47**	29193.17

Non Current Liabilities

13. Financial Liabilities:

a) Borrowings:

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Term Loans from Banks & Financial Institutions:-		
(i) Power Finance Corporation Ltd		
- Rupee Term Loan - I	53,463.32	65,344.05
- Rupee Term Loan - II	162,805.26	195,366.32
(ii) Bank of India Rupee Term Loan	23,257.22	25,530.48
Total	**239,525.80**	286,240.85

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

b) Repayment of Loan:-

(i) Power Finance Corporation Ltd - Rupee term loan I - Sanctioned - ₹ 1,18,492.00 Lakh:- Repayable in Twenty (20) equal half-yearly installments from January 2016 and the rate of interest on the loan as on 31.03.2020 is 9.48% p.a. (on the basis of 3 year AAA Bond rate plus 1.59% fixed Spread).

(ii) Power Finance Corporation Ltd - Rupee term loan II - Sanctioned - ₹ 3,09,330.00 Lakh - Repayable in Nineteen (19) equal half yearly installments from October, 2016 and the rate of interest on the loan as on 31.03.2020 is 8.44% (on the basis of 3 year AAA Bond rate plus 1.21% fixed spread).

(iii) Bank of India - Rupee Term Loan - Sanctioned - ₹ 48,352.00 Lakh:- Repayable in Twenty (20) equal half yearly installments from March 2019 and the rate of interest on the loan as on 31.03.2020 is 8.28% p.a.(on the basis of 1 month MCLR plus 0.28% fixed spread). Out of the sanctioned amount of ₹ 48, 352.00 Lakh, an amount of ₹ 13,004.78 lakh is unavailed as on 31.03.2020)

c) Letter of comfort has been given by NLCIL in favour of Power Finance Corporation Ltd on the Rupee Term Loan - I and II and Bank of India on Long term loan availed by NTPL.

14. Deferred Tax Liability (Net): **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liability - relating to temporary difference in depreciation	98,974.20	96,468.94
Deferred Tax Asset - relating to Income Tax Loss & other Allowances	71,744.79	77,479.86
Total	**27,229.41**	18,989.08

15. Other Non - Current Liabilities: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Payable on Purchase of Capital Items	5,396.81	8,242.02
Payable of Capital Works	13.81	-
Amount withheld from contractors	4,511.46	4,574.25
Total	**9,922.08**	12,816.27

Current Liabilities

16. Financial Liabilities:

a) Borrowings: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Secured:		
Loans repayable on demand from Banks:		
Working capital Loan from Bank of India	137,994.71	87,853.27
Short Term Loan from Bank of India	100,000.00	-
Unsecured: (From Related parties)		
Short term loan from NLC India Ltd		
- Loan I	-	15,000.00
- Loan II	-	35,000.00
- Loan III	-	15,000.00
- Loan IV	-	3,000.00
Total	**237,994.71**	155,853.27

(i) Bank of India Working Capital loan with full interchangeability between Fund based limited of ₹ 130,000 Lakh and Non fund based limited of ₹ 20,000 Lakh is subject to the availability of drawing power. Secured by exclusive first change 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. The rate of interest as on 31.03.2020 is 8.00% p.a. (on the basis of 1 month MCLR) on Working capital demand loan and 8.20% p.a. (on the basis of 1 month MCLR plus 0.20% fixed spread) on Cash Credit.

Letter of comfort has been given by NLCIL in favour of Bank of India on the working capital loan with Fund based limit of ₹ 1,30,000 lakh and Non-Fund based Limited ₹ 20,000 lakh availed by NTPL.

(ii) Short Term Loan of ₹ 1,00,000 lakh from Bank of India availed on 31.03.2020, secured by second charge on book debts, operating cash flow, 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. Repayable in eight monthly installments of ₹ 11,000 lakh starting from 31.07.2020 and last installment of ₹ 12,000 lakh. The rate of interest on the loan as on 31.03.2020 is 7.25% p.a. (on the basis of Repo rate plus 2.10% fixed spread).

(iii) NTPL is having standing fund arrangement with NLC India Ltd., for ₹ 1,00,000 lakh towards meeting the working capital requirements and Repayable within 365 days from the date of drawl. The rate of interest on the loan as on 31.03.2020 is 8.20%. Outstanding loan balance as on 31.03.2020 is Nil.

(iii) During the year, Loan amount of ₹ 50,000 lakh has been availed from NLCIL as one time measure at the rate of interest of 8.74% and fully repaid on 07.03.2020.

b) Trade Payable: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Payables:		
Towards Micro and Small Enterprises *	351.17	1,028.11
Towards other than Micro and Small Enterprises	41,249.49	36,482.95
Total	**41,600.66**	37,511.06

* Includes bills not received but amount liable to pay and bills received but not paid on or before 31st March. Refer detailed disclosure regarding the bills payable for more than 45 days from the date of receipt Note No-42.

c) Other Financial Liabilities: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturities of Long term debt.		
Secured		
Power Finance Corporation Ltd		
- Rupee Term Loan - I	11,880.74	11,880.74
- Rupee Term Loan - II	32,561.05	32,561.05
Bank of India Rupee Term Loan	4,836.00	4,836.00
Interest Accrued but not due on Loans:		
Power Finance Corporation Ltd.,		
- Rupee Term Loan - I	16.97	691.29
- Rupee Term Loan - II	45.18	1,936.32
Bank of India - Long Terms Loan	44.61	52.30
Bank of India - Short Terms Loan	19.86	-
Bank of India - Working Capital Loan	330.13	233.44
NLCIL - Short Term Loan	-	0.28
Total	**49,734.54**	52,191.39

17. Other Current Liabilities: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Advance for sale of fly ash	227.52	89.09
Income Tax Payable	655.21	6,304.91
Dues to NLCIL	6,258.46	4,572.39
Other liabilities		
Employees	835.71	310.04
Statutory	343.24	832.02
Others	91.22	92.96
Total	**8,411.36**	12,201.41

18. Provisions: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Retirement Travelling Allowance	81.97	-
Provision for Loss on Assets	30.38	-
Provision for Indigenous Coal Lifting Incentive	805.10	680.45
Total	**917.45**	680.45

19. Regulatory Deferral Account Credit Balances: **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Regulatory Deferral Account Credit Balances	- -	- -
Total	-	-

NOTES TO STATEMENT OF PROFIT AND LOSS

20. Revenue from Operations: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Power Sales	241929.51	275019.65
Other Operating Revenue		
- Sale of Fly Ash	2000.55	2189.90
	243930.06	**277209.55**
Less : Rebate	457.85	1446.53
Total	**243472.21**	**275763.02**

(a) Capacity Charges under Sale of Power is accounted for based on the tariff order dated 11.07.2017 granted by the Central Electricity Regulatory Commission (CERC) under the Tariff Regulations 2014-19 from the date of Commercial Operation Declaration (COD) of Unit - I and II to 31.03.2020.

Energy Charges under Sale of Power is accounted for based on the tariff order dated 11.07.2017 granted by the Central Electricity Regulatory Commission (CERC) under the tariff Regulations 2014-19 from the date of Commercial Operation Declaration (COD) of Unit - I and II to 31.03.2019.

Energy Charges under Sale of Power is accounted for based on the Central Electricity Regulatory Commission (CERC) Tariff regulations 2019-24 from the 01.04.2019 to 31.03.2020.

(b) On 16.01.2019, Unit-2 of NTPL 2x500 MW Thermal Power Station tripped due to fire occurred near the generator end and the winding and other parts of the generator rotor got severely damaged. The matter was referred to OEM, M/s. BHEL. Accordingly, the repair work done by BHEL and Unit - 2 got synchronised on 27.07.2019.

(c) Power Trading Agreement was entered on 30th of October 2019 between NTPL (Client) and NLCIL (Member) towards sale of URS and regulated Power. During the FY 2019-20, NTPL has generated an amount of ₹ 123.73 Lakh as revenue in this regard.

21. Other Income: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Coal Handling Charges	**396.73**	722.47
Interest from Employees	**26.91**	21.36
Interest from Contractors	**2.08**	77.71
Surcharge	**22780.16**	12773.92
Rent recovered from Employees	**12.70**	4.51
Rent on buildings and community halls	**1.11**	0.66
Liquidated Damages Recovered	**112.80**	205.05
Foreign Exchange Fluctuation #	**0.00**	263.18
Insurance Claim*	**102.59**	0.00
Sale of Scrap	**144.47**	0.00
Miscellaneous Income	**43.46**	239.20
	23623.01	14308.06
Less: Transferred to Capital Work in Progress		
- Interest from Employees and Others	**0.00**	59.32
- Liquidated Damages Recovered	**0.00**	85.09
Total	**23623.01**	14163.65

Foreign Exchange fluctuation represents the difference in exchange rate on the foreign currency amount payable to vendor against the Imported Coal Supply and the same is reversed in the actual settlement of liability as per IND AS 21.

* National Insurance Company Limited paid an amount of

(i) ₹ 32.40 lakh as full settlement against an insurance claim of ₹ 108.78 lakh on account of loss caused due to ignition of accumulated oil at Unit-II condenser pit on 17.05.2017.

(ii) ₹ 7.76 lakh as part settlement against an insurance claim of ₹ 109.07 lakh on account of loss caused due to fire accident at Unit -2 Boiler corner-2 Wind Box Area on 04.06.2018.

(iii) ₹ 62.42 lakh as part settlement against an insurance claim of ₹ 178.87 lakh on account of loss caused due to fire accident at Unit -1 AHS LT Panel on 16.10.2017.

Expenses

22. Cost of Materials Consumed:

(₹ in lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Coal Consumption	**152448.57**	174675.69
Oil Consumption	**910.10**	1054.65
Total	**153358.67**	175730.34

(₹ in lakh)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
OPENING STOCK		
Raw Material		
Coal	17,995.74	25,516.12
Oil	785.23	905.21
	18,780.97	**26,421.33**
Add: PURCHASES		
Raw Material		
Coal	1,55,434.43	1,67,155.31
Oil	1075.66	934.67
	1,56,510.08	**1,68,089.99**
Less: CLOSING STOCK		
Raw Material		
Coal	20,981.60	17,995.74
Oil	950.78	785.23
	21,932.38	**18780.97**
Cost of Material consumed		
Coal	1,52,448.57	1,74,675.69
Oil	910.10	1054.65
	1,53,358.67	**1,75,730.34**

23. Employee Benefits Expenses:

(₹ in lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Salaries, Wages and incentives	**5,900.83**	5,032.39
Contribution to Provident and Other Funds	**860.84**	841.18
Gratuity	**61.66**	95.36
Welfare Expenses	**184.66**	157.51
Total	**7,007.99**	6,126.44

24. Finance Costs: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest Expenses		
- Term Loan from Financial Institutions	**25,142.99**	31,223.72
- Term Loan from Banks	**2,694.07**	2,770.88
- Term Loan from Inter Corporate	**9,147.46**	5,753.16
- Working Capital Loan from Bank	**8,170.57**	5,980.34
Total	**45,155.09**	45,728.10

25. Depreciation and Amortisation Expenses: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Property, Plant and Equipment	**37,408.17**	37,503.95
Right -of-Use Assets	**167.63**	167.63
Total	**37,575.80**	37,671.58

26. Other Expenses: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Consumption of Stores and Spares*^	**2464.50**	4,323.33
Transit and Handling loss **	**313.59**	374.49
License fee, Rates and taxes	**78.78**	110.35
Repairs and Maintenance		
-Plant and Machinery *	**5836.75**	6,688.75
-Others	**915.76**	1,636.26
Insurance***	**1306.59**	371.14
Electricity Charges	**74.75**	60.44
Payments to Auditors		
Statutory Audit Fees	**4.13**	2.95
Tax Audit Fees	**0.89**	0.59
Limited Review Fees	**2.12**	0.00
Internal Audit Fees	**2.35**	2.69
Cost Audit Fees	**3.66**	3.11
GST Audit Fees	**0.12**	0.00
VAT Audit Fees	**0.00**	0.12
Secretarial Audit Fees	**0.59**	0.30
Other Certification Fees	**1.00**	2.06
Reimbursement of out of pocket expenses	**4.49**	2.07
Professional Charges	**5.27**	87.40
Director Sitting Fees	**0.83**	0.87
Travelling expenses	**170.28**	205.81
Advertisement	**53.43**	17.19
Legal Expenses	**210.78**	129.14
Legal - Reimbursement of out of pocket expenses	**3.85**	0.00
Training expenses	**6.65**	19.79
Selling expenses****	**7.70**	0.00

(₹ in lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Service Charge on e-auction	**38.81**	23.57
Security & Central Industrial Security Force expenses	**828.86**	762.72
Foreign Exchange Fluctuation #	**300.00**	0.00
Bank charges	**5.73**	2.95
Corporate Social Responsibility expenses	**415.90**	177.75
Canteen expenses	**186.37**	187.74
Miscellaneous expenses	**151.07**	608.65
Provision for Fixed Assets*****	**30.38**	0.00
Corporate Services by NLCIL******	**1492.36**	1316.61
Operation and maintenance services by NLCIL*******	**616.72**	599.26
	15535.03	17718.10
Less: Transferred to Capital Work in Progress Accounts	**0.00**	20.60
Total	**15535.03**	17697.50

Foreign Exchange fluctuation represents the difference in exchange rate on the foreign currency amount payable to vendor against the Imported Coal Supply and the same is reversed on the actual settlement of liability as per Ind AS 21.

*On 16.01.2019, Unit-2 of NTPL 2x500 MW Thermal Power Station tripped due to fire occurred near the generator end and the winding and other parts of the generator rotor got severely damaged. The matter was referred to OEM M/s. BHEL. Accordingly, the repair work by BHEL and Unit-2 got synchronised on 27.07.2019.

^Consumption of stores and spares includes an amount of ₹546.21 lakh and repairs and maintenance (Plant and Machinery) includes an amount of ₹453.23 lakh towards expenditure incurred for the purpose of restoration of stator in Unit-2 during the FY 2018-19.

Consumption of stores and spares includes an amount of ₹699.19 lakh and repairs and maintenance (Plant and Machinery) includes an amount of ₹1,793.21 lakh towards expenditure incurred for the purpose of restoration of stator in Unit-2 during the FY 2019-20.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment as per Ind AS16 are capitlalized. Threshold value of ₹5.00 lakh per unit of spares and having useful life of more than 1 year has been approved for the purpose of identification and classification of any spares as capital spares. In this regard, an amount of ₹674.86 lakh have been identified and capitalised during the FY 2019-20.

**Coal stock at offsite namely Dhamra Port and Paradip Port will be taken for stock verification after lifting of lockdown period (COVID-19) However. Physical verification of Coal stock at off site has been carried out upto 31.12.2019 and accordingly normative loss has been accounted.

***Insurance premium of ₹ 413.21 lakh paid covering the policy period form 01.11.2018 to 30.10.2019 Insurance premium of ₹ 644.27 lakh paid covering the policy period from 01.11.2019 to 31.01.2020. Insurance premium of ₹ 2501.35 lakh paid covering the policy period from 01.02.2020 to 31.01.2021 under Mega Risk Insurance Policy covering all risk/ physical loss/ damage and machinery breakdown including electrical faults etc., over the existing Fire based peril policy.

****Power Trading Agreement was entered on 30th of October 2019 between NTPL (Client) and NLCIL (Member) towards sale of URS and regulated Power. During the FY 2019-20, NTPL has paid ₹ 0.43 Lakh (incl.GST) to NLCIL as trading margin on account of sale of URS and regulated power through IEX.

*****Provision for fixed assets has been accounted during the year based on the initial finding by the physical verification committee on account of damages. Upon the approval of the final recommendation of committee, writing off of fixed assets and consequent adjustments will be accounted in books of accounts with the approval by competent authority.

******NLCIL's corporate and support functions teams renders advisory services to NTPL in relation to the overall operation and maintenance of the company.

*******NLCIL deploys personnel on secondment basis to NTPL for the purpose of supervision of operation and maintenance of the company.

27. Net Movement in regulatory deferral account balances income / expenses: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Income		
Capital Spares Consumed^	**674.86**	2880.68
Wage revision	**0.00**	3036.66
Gratuity	**0.00**	49.61
GST Impact	**0.00**	110.39
Unbilled Power Sales / CERC Order*	**12682.50**	29539.00
Security Expenses #	**828.86**	0.00
Expense		
-	**0.00**	0.00
Net Movement	**14186.22**	35616.34

^ As per CERC Regulation 2014-19 and 2019-24, capital spares consumed is recoverable from DISCOM's. In this regard, an amount of ₹ 674.86 lakh and ₹ 2,880.68 lakh has been recognised during the FY 2019-20 and FY 2018-19 respectively.

* The company has incurred an amount of ₹ 77,438 lakh towards discharged liabilities for capital expenditure from the date of commissioning upto 31.03.2018.The said expenditure is covered under the original scope of the work as approved in the project cost and the same has been filed with CERC in the Truedup Petition 2014-19. Accordingly, an amount of ₹ 12,682.50 lakh and ₹ 29,539.00 lakh has been recognised during the FY 2019-20 and FY 2018-19 respectively under capacity charges.

As per CERC Regulation 2019-24, security expenses is recoverable form DISCOM's. In this regard an amount of ₹ 828.86 lakh has been recognised during the FY 2019-20.
Refer detailed disclosure in Note No.-41.

28. Earnings per Share: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Before net regulatory deferral adjustments:		
Profit after Tax (₹In lakh)	**5,348.84**	4,432.63
Weighted Average Number of Shares	**2188042000**	2188042000
Face Value of Share (₹)	**10.00**	10.00
Earnings per Share - Basic and Diluted (₹)	**0.24**	0.20
After net regulatory deferral adjustments :		
Profit after Tax (₹In lakh)	**14,315.30**	27,074.33
Weighted Average Number of Shares	**2188042000**	2188042000
Face Value of Share (₹)	**10.00**	10.00
Earnings per Share - Basic and Diluted (₹)	**0.65**	1.24

The Company does not have any potentially dilutive shares, thus the basic and the diluted earnings per share is the same.

29. C.I.F. Value of Imports: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Coal purchases	**49,822.64**	32,014.87
Total	**49,822.64**	32,014.87

30. Expenditure in Foreign Currency: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Repairs & Maintenance	**51.33**	-
Travelling Expenses	**0.76**	-
Total	**52.09**	-

31. Disclosure as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'
Movement in Provisions:

(₹ in lakh)

Provision	As at 31.03.2019	Additions	Withdrawals	As at 31.03.2020
Retirement Travelling Allowance	-	81.97	-	81.97
Loss on Assets	-	30.38	-	30.38
Indigenous Coal Lifting Incentive	680.45	805.10	680.45	805.10
	680.45	**917.45**	**680.45**	**917.45**

(₹ in lakh)

Provision	As at 31.03.2018	Additions	Withdrawals	As at 31.03.2019
Employee Leave Benefits	107.05	-	107.05	-
Gratuity	665.83	-	665.83	-
Indigenous Coal Lifting Incentive	238.44	680.45	238.44	680.45
	1,011.32	**680.45**	**1,011.32**	**680.45**

32. CSR Expenditure: **(₹ in lakh)**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Education facilities	55.64	0.50
Afforestation and environment sustainability	5.21	68.91
Drinking water supply / Cutting of drains etc	45.95	21.01
Sanitation and other basic amenities	300.00	57.28
Medical-health & family welfare	9.10	-
Relief to natural calamities		30.05
Total	**415.90**	**177.75**

33. Disclosure of transactions with the related parties as defined in the Ind AS-24 are given below:

a) List of related parties

i) Directors:

i Shri. Rakesh Kumar - Chairman
ii Shri. Nadella Naga Maheswar Rao, Director
iii Shri. Shaji John, Director (from 17.04.2019)
iv Shri. Mahendra Pratap, Director
v Ms. S.Geetha, Director (upto 30.06.2019)
vi Shri. Subodh Kumar, Director (from 03.08.2019 to 13.11.2019)
vii Shri. A.Ashok Kumar, Director (from 29.11.2019)
viii Ms. Nalini Padmanabhan, Director (upto 01.02.2020)
ix Shri. Jaikumar Srinivasan, Director (from 07.02.2020)

ii) Key Managerial Personnel (KMP):

i Shri. K.S.Gopalakrishnan - Chief Executive Officer
ii Shri. W.Jeyasingh Daniel - Chief Financial Officer (upto 30.06.2019)
iii Shri. D.Dhanapal - Chief Financial Officer (from 01.07.2019)
iv Shri. R.Jayasarathy - Company Secretary

iii) Promoters

- NLC India Limited
- Tamil Nadu Generation and Distribution Corporation Limited

iv) Entities under the control of the same government:

The Company is a Public Sector Undertaking (PSU) wherein the shares are held by NLC India Limited, a Central Public Sector Undertaking and Tamil Nadu Generation and Distribution Corporation Limited, a State Public Sector Undertaking. Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available under Paragraph 25 & 26 of Ind AS 24 for government related entities and have made disclosures accordingly in the financial statements.

b) Transactions with the related parties are as follows:

i) Directors and Key Managerial Personnel

(₹ in lakh)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2018
Short Term Employee Benefits	**115.56**	120.00
Post Employment Benefits	**8.49**	10.98
Other Long Term Benefits	**10.55**	12.82
Sitting Fees	**0.83**	0.85

ii) Transactions with Promoters:

I) NLC India Limited - Significant Influence

(₹ in lakh)

Particulars	FY 2019 - 20	FY 2018 - 19
a) Unsecured Term Loan		
- Loans drawn	**150,000.00**	68.000.00
- Loans repaid	**218,000.00**	75,000.00
- Interest on Loans	**9,147.46**	5,753.16

b) Guarantee

- Letter of comfort has been given by NLCIL in favour of Power Finance Corporation Ltd for the Rupee Term Loan of ₹1,18,492,00 lakh availed by NTPL
- Letter of comfort has been given by NLCIL in favour of Power Finance Corporation Ltd for the Rupee Term Loan ₹ 3,09,330.00 lakh availed by NTPL
- Letter of comfort has been given by NLCIL in favour of Bank of India for the Rupee Term Loans of ₹ 48,352.00 lakh availed by NTPL
- Letter of comfort has been given by NLCIL in favour of Bank of India for the working capital loan with fund based limit of ₹ 1,30,000.00 lakh and Non-Fund based Limit of ₹ 20,000.00 Lakh availed by NTPL.

c) In consideration for the advisory services of NLCIL's corporate and support functions team (For overall Operation and Maintenance of the company such as Generation and Maintenance Planning, Human resources management, Procurement and contracts managements etc.) an amount of ₹ 1,492.36 Lakh (incl.GST) and ₹ 1,316.61 lakh (incl GST) for FY 2019-20 and FY 2018-19 respectively have been recognized in profit and loss account.

d) An amount of ₹ 616.72 lakh (incl.GST) and ₹ 599.26 Lakh (incl.GST) for FY 2019-20 and FY 2018-19 respectively have been recognized in profit and loss account for the support services provided by NLCIL towards the deployment of personnel on secondment basis to the NTPL regarding supervision of operation and maintenance activities.

e) During the year, NTPL have paid ₹ 0.43 Lakh (incl.GST) to NLCIL as trading margin on account of sale of URS and regulated power through IEX.

f) During the year, NTPL has paid ₹ 9,736.79 Lakh NLCIL as Dividend for the FY 2018-19.

g) Apart from the above the expenses which are incurred on behalf of the company are reimbursed at actuals such as Board meeting expenses, tender advertisement etc.

II) Tamil Nadu Generation and Distribution Corporation Limited.

a) An amount ₹44.71 Lakh and ₹465.60 Lakh for FY 2019-20 and FY 2018-19 respectively have been recognized in profit and loss account towards handling of coal by Tutcorin Thermal Power Station / TANGEDCO at company's premises by using the Assets of the company.

b) NTPL has raised an amount of ₹ 97,663.16 lakh and ₹ 1,12,010.16 lakh for FY 2019-20 and FY 2018-19 respectively as power bill and ₹ 8,704.34 lakh and ₹ 2,957.71 lakh for FY 2019-20 and FY 2018-19 respectively as surcharge on TANGEDCO.

c) During the year, NTPL has paid ₹ 1,203.42 Lakh to TANGEDCO as Dividend for the FY 2018-19

iii) Transactions with related parties under the control of same Government : **(₹ in lakh)**

Name of Company	**Nature of Transaction**	**FY 2019-20**	**FY 2018-19**
Bharat Heavy Electricals Ltd.,	Package Contract, Works	**3,201.00**	447.00
Bharat Heavy Electricals Ltd.,	Purchase of Materials	**1,952.00**	964.00
Steel Authority of India Ltd.,	Purchase of Materials	**-**	27.46
Indian Oil Corporation Ltd.,	Purchase of Lubricants and Heavy Furnace Oil	**804.00**	-
Hindustan Petroleum Corporation Ltd.,	Purchase of Light Diesel Oil	**262.00**	
Bharat Petroleum Corporation Ltd.,	Purchase of Lubricants and Light Diesel Oil	**102.00**	-
Balmer Lawrie	Purchase of Grease and Lubricants	**25.00**	-
Mecon Ltd.,	Project Consultancy Contract		144.00
VO Chidambaranar Port Trust	Quarters allotted to NTPL on Rent, North Cargo Berth Concession Agreement, Wharfage Charges	**1,213.00**	951.00
Power Finance Corporation Ltd.,	Rupee Term Loan	**69,592.00**	76,466.00
MSTC Ltd.,	E-Tendering Services	**250.00**	22.22
Mahanadhi Coalfields Ltd.,	Purchase of Coal, Railway Siding	**28,632.00**	46,840.48
Eastern Coalfields Ltd.,	Purchase of Coal	**24,696.00**	18,457.00
Central Institute of Mining and Fuel Research	Sampling and Analysis of Coal	**238.00**	231.55

c) Outstanding balance with related parties are as follows: -

i) Key management personnel **(₹ in lakh)**

Key Management Personnel	**Transaction Value for the year ended March 31**		**Balance Outstanding as at March 31**	
	2020	**2019**	2020	2019
Mr. Shaji John - Chief Executive Officer	4.48	1.76	-	4.48
Mr. K.S.Gopalakrishnan - Chief Executive Officer	0.88	0.13	-	0.88
Mr. W.Jeyasingh Daniel - Chief Financial	-	-		-
Officer - Festival Advance	-	0.12	-	-
Mr. D.Dhanapal- Chief Financial Officer - Festival Advance	0.12	-	0.08	-
Mr. R.Jayasarathy - Company Secretary				
- Car advance	0.20	1.20	-	0.20
- Multi-purpose loan	-	0.67	-	-

d) Terms and Condition of transactions with the related parties

(1) Transaction with the related parties are made on normal commercial terms and conditions and at the market rates.

(2) For the year ended 31st March 2020, and 31 st March 2019, the Company has not recorded any impairment of receivable related to the amount repayable by the related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which they operates.

34 Disclosure as per Ind AS 116 'Leases'

The Company has adopted Ind AS 116.'Leases' with effect from 1 April 2019 and has applied the standard to all lease contracts that are existing as at 1 April 2019. The Company has chosen the modified retrospective approach and has taken the cumulative adjustment of initially applying this standard to retained earnings on the date of initial application i.e. 1 April 2019. Accordingly, the Company has not restated the comparative period information. Also, the Company has grand fathered the lease definition and has elected to not apply the requirements of Ind AS 116 to leases of low value items.

On transition (as 1 April 2019), the Company recorded RoU Asset at its carrying amount of INR 3,073.24 lakhs measured as if the standard has been applied since the lease commencement date. There has been no impact on retained earnings as at 1 April 2019 since the entire amount was prepaid.

35. Financial Instruments - Fair Value Disclosures

(₹ in lakh)

March 31, 2020	Carrying Amount			
Description	**Amortised Cost**	**Fair value through profit and loss**	**Fair value through OCI**	**Net**
A. Financial Assets				
Investments	-	-	-	-
Loans and Advances	3,205.37	-	-	3,205.37
Trade Receivables	1,83,749.06	-	-	183,749.06
Cash and cash equivalents	397.33	-	-	397.33
Other Bank balance	43.94	-	-	43.94
Other Financial assets	27,644.84	-	-	27,644.84
B. Financial Liabilities				
Borrowings	477,520.51	-	-	477,520.51
Trade payables	41,600.66	-	-	41,600.66
Other Financial Liabilities	49,734.54	-	-	49,734.54

(₹ in lakh)

March 31, 2019	Carrying Amount			
Description	**Amortised Cost**	**Fair value through profit and loss**	**Fair value through OCI**	**Net**
A. Financial Assets				
Investments	-			-
Loans and Advances	12,225.84	-	-	12,225.84
Trade Receivables	1,40,881.92	-	-	140,881.92
Cash and cash equivalents	463.86	-	-	463.86
Other Bank balances	51.80	-	-	51.80
Other financial assets	17,194.09	-	-	17,194.09
B. Financial Liabilities				
Borrowings	442,094.12	-	-	442,094.12
Trade payables	37,511.06	-	-	37,511.06
Other Financial Liabilities	52,191.39	-	-	52,191.39

36. Financial Instruments

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as level of dividend to shareholders.

The Board of Director's seeks to maintain the balance between the higher return that might be possible with higher level of borrowing and the advantages and the security afforded by a sound capital position.

The capital structure of the Company consists of the Net Debt and Total Equity of the Company. The Company monitors the capital structure on the basis of the Total Debt to Equity ratio and maturity profile of the overall debt portfolio.

Gearing Ratio **(₹ in lakh)**

	March -20	March -19
Debt	527,255.05	494,285.51
Less: Cash and Cash equivalents	397.33	463.86
Net Debt	526,857.72	493,821.65
Total Equity	249,123.67	247,997.37
Net debt to Total Equity ratio	2.11	1.99

37. Financial Risk Management

The treasury function provides services to business, coordinates access to domestic and international financial markets, monitors and manages the financial risk relating to operations through internal risk reports which analyse exposures by degree and magnitude of risk. The risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's principal financial liabilities comprise loans and borrowings in domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables.

A) Credit Risk

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

Trade Receivables

The Company primarily sells electricity to customers comprising, mainly state electrical utilities owned by State Governments and Union Territory. The risk of default in case of power supplied to these state owned companies is considered to be insignificant. The Company has not experienced any significant impairment loss in respect of trade receivables in past years.

The management considers the factor that may influence the credit risk of its customer base, including the default risk of the industry.

At March 31, 2020, the Company's most significant customer, Tamil Nadu Generation and Distribution Corporation Ltd., (TANGEDCO) accounted for ₹ 1,00,271.71 lakh (₹ 53,065.24 lakh of the Trade Receivables as at March 31, 2019) of the trade receivables carrying amount.

Loans and Advances

The Company has given Loans and Advances to its employees. The Company manages its credit risk in respect of loans and advances to employees through settlement of dues against full and final payment to employees.

Cash and Cash equivalents and deposits with banks

The Company has banking operations with highly rated banks including scheduled banks which are owned by Government of India. The risk of defaults with the government controlled entities is considered to be insignificant.

(i) Provisions for expected Credit losses

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

The Company has assets where counter party has sufficient capacity to meet the obligations and where the risk of default is very low. Hence, no impairment has been recognised during the reporting periods in respect of such assets.

b) Financial assets for which loss allowances is measured using life time expected credit losses

The Company has customers (State government utilities) with strong capacity to meet the obligations and therefore the risk of default are not material. Further management believes that the unimpaired amount that are past due by more than 30 days are still collectible in full based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss was considered necessary during the reporting period in respect of the trade receivables.

(ii) Ageing analysis of Trade receivables

The Company's debtors include Power dues from DISCOM's and also other debtors. As a policy the company does Ageing analysis of Power dues from DISCOM's, the details of which is stated below:

(₹ in lakh)

Period	Ageing as at	
	31st March, 2020	31st March, 2019
Power dues from DISCOMs		
0-45 days past due	54,273.86	30,368.81
46-90 days past due	42,695.59	37,890.56
91-120 days past due	13,932.27	21,859.20
121-150 days past due	12,127.54	20,392.83
151-180 days past due	15,290.37	9,598.53
More than 180 days past due	71,881.68	37,452.02
Total	**210,201.31**	**157,561.95**

B) Liquidity Risk

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

The Company manages liquidity risk through cash credit limits and undrawn borrowings facilities by continuously monitoring forcast and actual cash flows.

The Company's treasury department is responsible for managing the short term and long term liquidity requirement of the Company.

(i) Financial Arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

(₹ in lakh)

Particulars	31st March, 2020	31st March, 2019
Floating Rate Borrowings		
Expiring within one year		
Bank of India Rupees Term Loan	13,004.78	15,567.52
Total	**13,004.78**	**15,567.52**

(ii) Maturities of financial liabilities

The following are the Contractual maturities (principal repayment) of non-derivatives financial liabilities, based on contractual cash flows:

(₹ in lakh)

31st March 2020	Contractual cash flows					
Contractual Maturities of financial liabilities	**3-months or less**	**3-12 months or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Power Finance Corporation						
- Rupee Term Loan I	-	11,880.74	11,880.74	35,642.22	5,940.36	65,344.06
- Rupee Term Loan II	16,280.53	16,280.53	32,561.06	97,683.18	32,561.01	195,366.31
Bank of India Rupee Term Loan	-	4,836.00	4,836.00	14,508.00	3,913.22	28,093.22
Total	**16,280.53**	**32,997.27**	**49,277.80**	**1,47,833.40**	**42,414.59**	**288,803.59**

(₹ in lakh)

31st March 2019	Contractual cash flows					
Contractual Maturities of financial liabilities	**3-months or less**	**3-12 months or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Power Finance Corporation						
- Rupee Term Loan I	-	11,880.74	11,880.74	35,642.22	17,821.11	77,224.81
- Rupee Term Loan II	16,280.52	16,280.52	32,561.04	97,682.82	65,121.88	227,926.78
Bank of India Rupee Term Loan	-	4,836.00	4,836.00	14,508.00	6,186.00	30,366.00
Total	**16,280.52**	**32,997.26**	**49,277.78**	**147,833.04**	**89,128.99**	**335,517.59**

(iii) Maturities of financial liabilities

The following are the Contractual maturities (interest) of non-derivatives financial liabilities,based on contractual cash flows:

(₹ in lakh)

31st March 2020	Contractual cash flows					
Contractual Maturities of financial liabilities	**3-months or less**	**3-12 months or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Power Finance Corporation						
- Rupee Term Loan I	1,544.41	4,131.80	4,549.62	6,896.62	162.00	17,284.75
- Rupee Term Loan II	3,821.06	10,714.03	18,786.94	18,886.96	794.33	46,003.33
Bank of India Rupee Term Loan	562.43	1,589.73	1,763.82	2,963.94	211.92	7,091.84
Total	**5,927.90**	**16,435.56**	**18,100.68**	**28,747.52**	**1,168.25**	**70,379.92**

(₹ in lakh)

31st March 2019	Contractual cash flows					
Contractual Maturities of financial liabilities	**3-months or less**	**3-12 months or less**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Power Finance Corporation						
- Rupee Term Loan I	1,965.76	5,382.17	6,116.63	11,076.72	1.440.67	25,981.95
- Rupee Term Loan II	5,012.28	14,254.45	16,162.30	30,178.29	4.836.57	70,443.89
Bank of India Rupee Term Loan	623.59	1,769.05	1,952.11	3,367.60	866.02	8,578.37
Total	**7,601.63**	**21,405.67**	**24,231.04**	**44,622.61**	**7,143.26**	**105,004.21**

C) Market Risk

Market Risk is the risk that change in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the values of its holding of financial instruments.The objective of the market risk management is to manage or control market risk within the acceptable parameters, while optimising return.

D) Interest rate risk

The Company is exposed to Interest rate risk arising mainly from the Long Term Borrowings with the floating interest rates. The Company is exposed to the interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with the change in interest rates. However, the actual interest incurred in the normative loan is recovered from the beneficiary as fixed charge as per the CERC regulations.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments are as follows:

(₹ in lakh)

Particulars	31st March, 2020	31st March, 2019
Financial Assets		
Fixed-rate instruments		
- Employee Loans	155.94	217.97
Financial Liabilities		
Variable-rate instruments		
Rupee term Loans		
- From banks	128,093.22	30,366.48
-From Power finance Corporation (PFC)	260,710.37	305,152.16
-Working Capital loan	137,994.71	87,853.27

Cash flow sensitivity analysis for variable-rate instruments

A change in 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular foreign currency rates, remains constant.

The analysis is performed on the same basis for the previous year

(₹ in lakh)

31st March 2020	Profit or loss	
	50 bp increase	50 bp decrease
Rupee Term Loans		
- From Banks	(153.28)	153.28
- From Power Finance Corporation (PFC)	(1,386.49)	1,386.49
Total	(1,539.77)	1,539.77

(₹ in lakh)

31st March 2019	Profit or loss	
	50 bp increase	50 bp decrease
31st March 2019		
Rupee Term Loans		
- From Banks	(163.21)	163.21
- From Power Finance Corporation (PFC)	(1,910.22)	1,910.22
Total	(2,073.43)	2,073.43

38. Disclosure as per Ind AS 108 'Operating Segments'

A. Basis of segmentation

The Company has only one strategic divisions which is its reportable Segment.

Reportable segments	Product / services from which reportable segment derives revenues
Power Generation	Generation of Power and Sale to power utilities

The Board of Directors monitors the operating results of the Company for the purpose of decision making about resource allocation and performance assessment.

B. Information about the major Customers

Revenue from the major customers which is more than 10% of the Company's total revenues.

(₹ in lakh)

Name of Customers	As at 31st March 2020		As at 31st March 2019	
	Revenue (₹ In lakh)	Percentage of Total Revenue	Revenue (₹ In lakh)	Percentage of Total Revenue
Tamilnadu Generation and Distribution Corporation Ltd.,	106,367.50	40.14	1,14,967.87	41.10
Telangana State Southern Power Distribution Company Ltd.,	30,151.94	11.38	31,033.02	11.09
Bangalore Electricity Supply Company Ltd.,	27,775.00	10.48	26,743.49	9.56

39. Capital Employed **(₹ in lakh)**

Particulars	31st March, 2020	31st March, 2019
Capital employed shall comprise of Total Assets excluding CWIP less Current and Regulatory Liability	5,24,421.30	5,64,655.36

40. Disclosure as per Ind AS 12 'Income taxes'

(i) Income tax recognised in Statement of Profit and Loss

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Current tax expense		
Current year	**1,490.92**	1,502.53
Pertaining to regulatory deferral account balances	**2,499.29**	7,674.89
Adjustment for MAT credit	**(3,957.33)**	(9,177.43)
Adjustment for earlier years	**60.35**	-
Total current tax expense	**93.23**	-
Deferred tax expense		
Origination and reversal of temporary differences	**2,446.68**	5,948.05
Less: Deferred asset for deferred tax liability	**5,793.65**	9,566.67
Total deferred tax expense	**8,240.33**	15,514.72
Total income tax expense	**8,333.56**	15,514.72

41. Disclosure on Ind AS 114, 'Regulatory Deferral Accounts'

(I) Nature of rate regulated activities

The Company is engaged in the business of generation of power by using coal. The price to be charged by the Company for electricity sold to its customers is determined by the Central Electricity Regulation Commission (CERC). The CERC provide extensive guidance on the principles and methodologies for determination of the tariff for the purpose of sale of electricity.

(II) Risks associated with future recovery/reversal of regulatory deferral account balances

(i) Demand risk-Availability of alternative and cheaper sources of power may result in reduced demand.

(ii) Regulatory risk-The regulatory deferral balances may undergo a change due to the rate setting process or truing up at the end of the tariff period resulting in derecognition of regulatory deferral asset / liability.

(III) Reconciliation of the carrying amounts

The regulated assets/liability recognised in the books to be recovered from or payable to beneficiaries in future periods as follows:

a) Regulatory deferral account debit balance

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
A. Opening balance	35,616.34	-
B. Recognised during the current year	14,186.22	35,616.34
C. Amount adjusted / collected / refunded during the year	-	-
D. Closing balance	49,802.56	35,616.34

b) Regulatory deferral account credit balance

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
A. Opening balance	-	-
B. Recognised during the current year	-	-
C. Amount adjusted / collected / refunded during the year	-	-
D. Closing balance	-	-

c) Total amount recognised in the Statement of Profit & Loss during the year

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Total amount recognised in the Statement of Profit & Loss during the year	14,186.22	35,616.34

The Company expects to recover the carrying amount of regulatory deferral account debit balance upon truing up at the end of the relevant tariff period and / or upon passing of orders by Appellate / Other Authorities.

42. Information in respect of Micro and Small Enterprises as required by Micro, Small and Medium Enterprises Development Act 2006.

(₹ in lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
a) Amount remaining unpaid to any supplier :		
Principal amount (Pending more than 45 days)	14.58	27.69
Interest due thereon	-	-
b) Amount of interest paid in terms of Section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day.	-	-
c) Amount on interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d) Amount of interest accrued and remaining unpaid		
e) Amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprises. for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act, 2006.	-	-

43) Disclosure as per Ind AS 33 'Earnings per Share'

(i) Basic and diluted earnings per share for the year ended **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
From operation including regulatory deferral account balances (a) (in ₹)	0.65	1.24
From regulatory deferral account balance (b) (in ₹)	0.41	1.03
From operations excluding regulatory deferral account balances (a) - (b) (in ₹)	0.24	0.20
Nominal value per share (in ₹)	10.00	10.00

(ii) Profit attributable to equity shareholders (used as numerator) **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
From operation including regulatory deferral account balances (a)	14,315.30	27,074.33
From regulatory deferral account balance - net of tax (b)	8,966.46	22,641.70
From operation excluding regulatory deferral account balance (a)-(b)	5,348.84	4,432.63

(iii) Weighted average number of equity shares (used as denominator) **(₹ in lakh)**

Particulars	As at 31st March 2020	As at 31st March 2019
Opening balance of issued equity shares (Nos.)	2,188,042,000	2,188,042,000
Effect of shares issued / bought back during the year, if any (Nos.)	-	-
Weighted average number of equity shares for Basic and Diluted EPS (Nos.)	2,188,042,000	2,188,042,000

44. Contingencies and Commitments **(₹ in lakh)**

Particulars	As at 31st March 2019	Additions	Deletions Settlement	As at 31st March 2020
A. Contingencies:				
1. Claims against Company not acknowledged as Debt:				
(i) From Statutory Authorities/Central Govt./Govt. Departments				
- Service Tax on allotment of Leasehold Land from VO Chidambaranar Port Trust	499.52	-	499.52	-
- Service Tax on manpower service provided by NLCIL to NTPL	205.63	-	-	205.63
(ii) From Others				
- Arbitration Claim	19,498.27	17,491.98	14,112.72	22,877.53
- MSME Facilitation Council	14.51	14.45	-	28.96
- Power Grid Corporation of India Ltd., - Transmission charges for injection of infirm power	186.17	-	-	186.17
Sub:- Total Claims not acknowledged as debt	20,404.10	17,506.43	14,612.24	23,298.29
2. Guarantees issued by Company				
(i) Letter of Credit as Security Deposit	433.00	6,712.00	25.61	7,119.39
Sub- Total Guarantees issued by Company	433.00	6,712.00	25.61	7,119.39
Sub-Total Contingencies (A)	**20,837.10**	**24,218.43**	**14,637.85**	**30,417.68**
B. Commitments				
Estimated Value of contracts remaining to be executed on Capital Accounts and not provided for	12,204.98	-	10,485.22	1,719.76
Sub-Total Commitments (B)	**12,204.98**	**-**	**10,485.22**	**1,719.76**
Total contingencies and Commitments (A+B)	**33,042.08**	**24,218.43**	**25,123.07**	**32,137.44**

45. Previous year figures regrouped / reclassified wherever found necessary to correspond with current year's classification / disclosure.

46. Amount in the financial statements are presented in ₹ Lakh (upto two decimals) except for per share data and other wise stated. Certain amount, which do not appear due to rounding off are disclosed separately.

47. a) The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts and borrowings from banks & financial institutions. With regard to receivables for sale of energy, the Company sends demand intimation to the beneficiaries with details of amount paid and balance outstanding which can be said to be automatically confirmed on receipt of subsequent payment from such beneficiaries. In addition, reconciliation with beneficiaries for sale of power is generally done on quarterly basis. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters with the negative assertion as referred in the Standard on Auditing (SA) 505 (Revised) External Confirmations' were sent to the parties. Some of such balances are subject to confirmation/ reconciliation. Adjustments, if any will be accounted for on confirmation / reconciliation of the same, which in the opinion of the management will not have a material impact. Loan outstanding balances of employees are also reconciled periodically.

b) In the opinion of the management, the value of assets, other than property, plant and equipment and non- current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

48. Significant disruptions have taken place worldwide due to COVID-19 pandemic. The Company is engaged in Power Generation. Considering power as an essential service and operating in a regulated engagement, management believes that there is no much material impact due to this pandemic on the business of the Company in the FY 2019-20. However, the impact of the same in subsequent periods is being monitored.

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NTPL

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 - 28364613-16 Fax : 044-28364619
CIN: U40102TN2005GOI058050
Website: www.ntplpower.com E-mail: ceo.ntpl@nlcindia.in