



**NLC INDIA LIMITED**

(formerly Neyveli Lignite Corporation Limited)  
(A Government of India Enterprise)

**Regd. Office: First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai-600 031  
Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.**

Phone: 04142/252205. Fax: 04142-252645, 252646

CIN:L93090TN1956GOI003507

Web-site:www.nlcindia.com:e-Mail:cosec@nlcindia.com

Lr.No.Secy/Regulation 34 of LODR/2016

Dt.20.09.2016

To

The Bombay Stock Exchange Limited,  
Pirozejeejeebhoy Towers  
Dalal Street  
Mumbai

**Scrip Code : 513683**

Dear sirs,

Sub: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015(LODR).

\*\*\*

As required under Regulation 34(1) of LODR, we enclose a copy the Annual Report of  
the Company for the year 2015-16 for your record.

Thanking you.

Yours faithfully  
for NLC India Limited

  
Company Secretary

## CHAIRMAN AND MANAGING DIRECTOR

Shri. Sarat Kumar Acharya

## DIRECTORS

Shri. Rakesh Kumar

Shri. Subir Das

Shri. V. Thangapandian

Shri. P. Selvakumar

Shri. Chandra Prakash Singh

Shri. Azad Singh Toor

Shri. K. Madhavan Nair

## CHIEF FINANCIAL OFFICER

Shri. Rakesh Kumar

## COMPANY SECRETARY

Shri. K. Viswanath

## STATUTORY AUDITORS

M/s. P.B. Vijayaraghavan & Co.,  
Chartered Accountants,  
14/27, Cathedral Garden Road,  
Nungambakkam,  
Chennai - 600 034.

M/s. Chandran & Raman,  
Chartered Accountants,  
Paragon No.2, Dr. Radhakrishnan Salai,  
2<sup>nd</sup> Street, Mylapore,  
Chennai - 600 004.

## BRANCH AUDITOR

M/s. Surender K Goyal & Co.,  
Chartered Accountants,  
Nukul Niwas, Behind Roadways Depot,  
Sardar Shahar - 331 403.

## COST AUDITOR

M/s. M. Krishnaswamy & Associates,  
Cost Accountants,  
Flat 1K, Ramaniyam Ganga,  
Door No. 27-30, First Avenue,  
Ashok Nagar, Chennai - 600 083.

## SECRETARIAL AUDITOR

Shri. R. Balasubramaniam,  
Practising Company Secretary,  
J Block, Second Street, "Newry Suprit",  
Door: 27, Flat A2, Anna Nagar East,  
Chennai - 600 102.

## PRINCIPAL BANKERS

State Bank of India

Canara Bank

AXIS Bank

HDFC Bank

ICICI Bank

## TRUSTEES TO THE NEYVELI BONDS 2009

M/s. IDBI Trusteeship Services Ltd.,  
Vishawastha Bhavan, 1<sup>st</sup> Floor,  
218, Pratapganj Peth, Satara - 415 002.  
Telefax : 02162 - 280075.

## REGISTERED OFFICE

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

## DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT

M/s. Integrated Enterprises (India) Ltd.,  
II Floor, 'Kences Towers',  
No.1, Ramakrishna Street,  
North Usman Road, T. Nagar,  
Chennai - 600 017.

## CONTENTS

Performance Highlights	9
Directors' Report	11
C&AG's Comments	68
Auditors' Report	69
Significant Accounting Policies	78
Balance Sheet	84
Profit & Loss Statement	85
Cash Flow Statement	86
Notes to the Financial Statement	88
Information on Subsidiary Companies	108
Consolidated Financial Statements	111
Social Overhead	148

## DIRECTORS' PROFILE

### **Shri. SARAT KUMAR ACHARYA, Chairman and Managing Director** (DIN: 03357603)



Shri. Sarat Kumar Acharya, aged 57 years, assumed office as the Chairman and Managing Director of the Company on 01.10.2015. Prior to assuming charge as CMD, Shri. Acharya was the Director (Human Resource) during the period from 16.12.2010 to 30.09.2015.

Shri. Acharya, carries with him rich and varied professional experience of over 30 years in BHEL, NTPC and NTPC-SAIL Power Company.

Shri. Acharya hails from Odisha and had studied at prestigious Institutions like Ravenshaw College and Utkal University. In his rich professional career, he made significant contributions in improving people processes and practices in the Companies he worked with and through his innovative management initiatives, strategic and operational interventions contributed to the enhancement of business results.

A recipient of many national and international awards and honours, Shri. Acharya is one of the few inspirational corporate leaders, whose name finds place in the book 'Most Powerful HR Professionals of India' (4<sup>th</sup> Edition). Widely travelled and well trained in India and abroad, Shri. Acharya lends his services in academics as a visiting faculty to many premier Business Schools and Management Institutes.

### **Shri. RAKESH KUMAR, Director (Finance)** (DIN: 02865335)

Shri. Rakesh Kumar, aged 53 years, is an MBA (Finance) and joined the Company on 23.05.2012. Prior to this, he was the Director (Finance) of Brahmaputra Cracker and Polymer Limited (BCPL) and had held various positions at GAIL (India) Limited. Shri. Rakesh Kumar has rich and varied experience of three decades in the sectors of Oil & Natural Gas, Coal, Power, Renewable Energy and Regulatory affairs. He has made significant contribution in the areas of financial management, treasury and risk management, cost and budgetary control, internal financial control and corporate governance. In addition, in order to optimize cost and bring efficiency, he has been nominated by GoI as the convener of the Energy Sector Task Force. Shri. Rakesh Kumar is the recipient of many prestigious awards and has travelled extensively abroad.



### **Shri. SUBIR DAS, Director (Mines)** (DIN: 06988287)



Shri. Subir Das, aged 58 years, did his graduation in Mining from Indian School of Mines, Dhanbad and holds First Class Mine Managers Certificate. Shri. Subir Das started his career as an Executive Trainee with Eastern Coalfields Limited, a Subsidiary of Coal India Limited (CIL) in the year 1980 and during the last three and half decades, he had held various important positions in many of the Subsidiaries of CIL. Shri. Subir Das assumed charge as Director (Mines) w.e.f. 30.09.2014 and prior to his joining, he was holding the position of General Manager in Bharat Coaking Coal Limited, a Subsidiary of CIL. Shri. Subir Das has vast experience in underground coal mining and was involved in various projects of the Subsidiaries of CIL and was also instrumental in many of its achievements.

**Shri. V. THANGAPANDIAN, Director (Power)**

**(DIN: 07255163)**



Shri. V. Thangapandian, aged 57 years, a Graduate in Mechanical Engineering. Shri. Thangapandian started his career as an Executive Trainee with NTPC in the year 1981 and during the last three and half decades, he had held several key positions in various projects of NTPC. Shri. Thangapandian assumed charge as Director (Power) w.e.f. 01.09.2015 and prior to his joining, he held the position of Head of Project at NTPC-Mouda (Nagpur). Shri. Thangapandian has vast experience in the areas of Planning, Erection, Commissioning and Operation & Maintenance of power plants and was also instrumental in many of the achievements in NTPC.

**Shri. P. SELVAKUMAR, Director (Planning & Projects)**

**(DIN: 07347130)**

Shri. P. Selvakumar, aged 58 years, is a graduate in Mechanical Engineering and also in Mining Engineering. He holds a post graduate degree in Thermal Power Engineering and a Masters Degree in Business Administration in Finance. He holds First Class Mines Managers Certificate. Shri. Selvakumar had joined NLC in 1981 and has held various important positions in the Company, before assuming charge as Director (Planning & Projects) w.e.f. 01.01.2016. Shri. Selvakumar was instrumental in successfully implementing the Barsingsar Lignite Mine Project in Rajasthan from concept to completion stage without any time or cost overrun. Shri. Selvakumar has vast experience in the fields of Mine planning, Mine operation, Projects planning and implementation. He has visited various countries including Germany, Canada and United States to attend Technical Seminars and Industrial Exhibitions.



**Shri. CHANDRA PRAKASH SINGH, Non-official Part-time Director**

**(Independent Director)**

**(DIN: 00594463)**



Shri. Chandra Prakash Singh, aged 62 years, a Post Graduate in Political Science, was a Member of Indian Administrative Service and had held various positions in Government of Tamilnadu and also in Government of India. Shri. Chandra Prakash Singh retired as the Additional Chief Secretary to Government of Tamilnadu. Shri. Chandra Prakash Singh has assumed charge as Non-official Part-time Director (Independent Director) w.e.f. 17.11.2015.

**Shri. AZAD SINGH TOOR, Non-official Part-time Director  
(Independent Director)  
(DIN: 07358170)**

Shri. Azad Singh Toor, aged 64 years, a graduate in Economics, Political Science and English, was a Member of Indian Foreign Service. Shri. Azad Singh Toor had held various positions in the Government of India including the Ambassador and retired as a Diplomat. Shri. Azad Singh Toor has assumed charge as Non-official Part-time Director (Independent Director) w.e.f. 03.12.2015.



**Shri. K. MADHAVAN NAIR, Non-official Part-time Director  
(Independent Director)  
(DIN: 07366493)**



Shri. K. Madhavan Nair, aged 63 years, a Post Graduate in Economics, joined Indian Revenue Service in 1975 after a stint in teaching and working in the Income-tax Department and Enforcement Directorate. Functioned in the Investigation, Training and Field Assignments at various locations in India, Shri. Madhavan Nair retired as a Member, Central Board of Direct Taxes in the year 2012 after holding the portfolios of Investigation and Legislation which involved the preparation of Direct Taxes part of the Union Budget. Shri. Madhavan Nair was also Vice-Chairman of the Committee on black money set up by the Finance Minister and later functioned as Income-tax Ombudsman at Kochi, Kerala State. Shri. Madhavan Nair has assumed charge as Non-official Part-time Director (Independent Director) w.e.f. 11.12.2015.



## CHIEF VIGILANCE OFFICER



**Manoj Kumar**

## SENIOR MANAGEMENT



**N. Muthu**  
Executive Director  
(HR)



**R. Mohan**  
Executive Director  
(Commercial)



**Syed Abdul Fateh Khalid**  
Executive Director  
(Mines)



**S. Thirunavukkarasu**  
Executive Director  
(CP&PM)



**V. Renganathan**  
Executive Director  
(SME & Conveyor)



**S. Sankaran**  
Executive Director  
(Thermal)



**S. Sridhar**  
Executive Director  
(TA, PRO, CSR & Education)



**M. Maheswaran**  
CGM (HR) / Chennai



**D. Ravindran**  
CGM (Barsingsar)



**V. Shanmuganathan**  
CGM (IE Wing)

## SENIOR MANAGEMENT



**N. Sankar**  
CGM (HR) / Indcoserve & Howsicos



**V. Chandrasekaran**  
CGM (Chairman's Secretariat)



**M. Rajasekaran**  
CGM (Mine-II)



**K. Chandran**  
CEO (NUPPL)



**R. Vikraman**  
CGM (HR) / Thermal



**Dr. T. Kannadasan**  
CGM (Geo & SPCB)



**Kaushal Kishore Anand**  
CGM (NNTPP)



**Aravind Kumar**  
CGM (Mine-IA)



**Nadella Naga Maheswar Rao**  
CGM (Barsingsar)



**K. Mohan Reddy**  
CGM (Safety Monitoring & ISO)



**P. Sollin Selvan**  
CGM (P&BD)



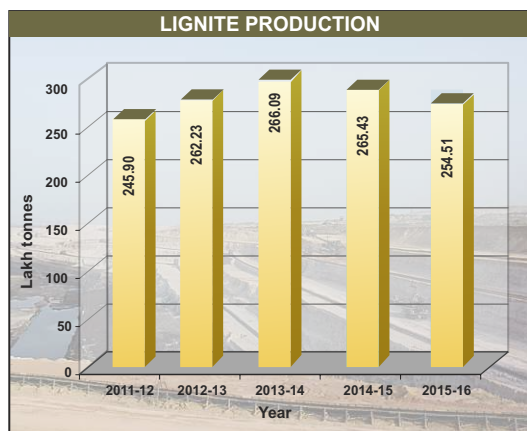
**R. Mohan**  
CGM (HR) / Mines



**V. Subramani**  
CGM (PSE)



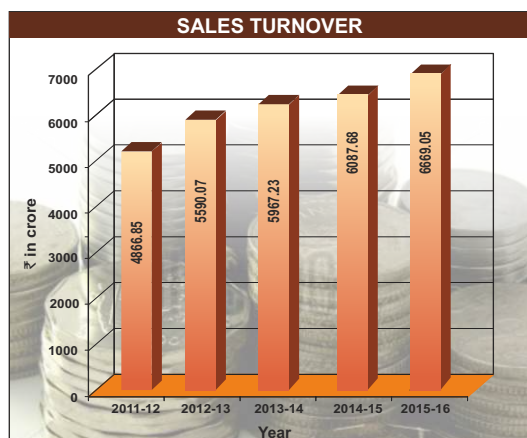
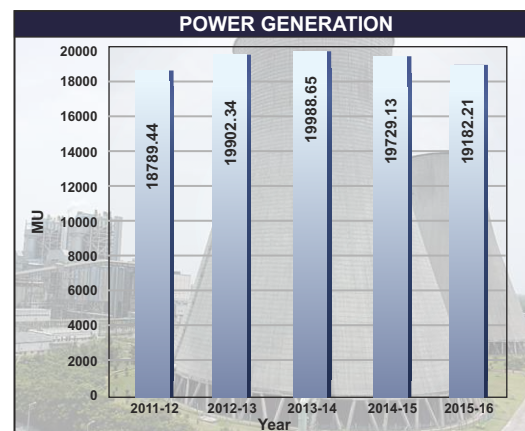
## PHYSICAL AND FINANCIAL CHARTS



### YEAR 2015-16 AT A GLANCE

#### PHYSICAL

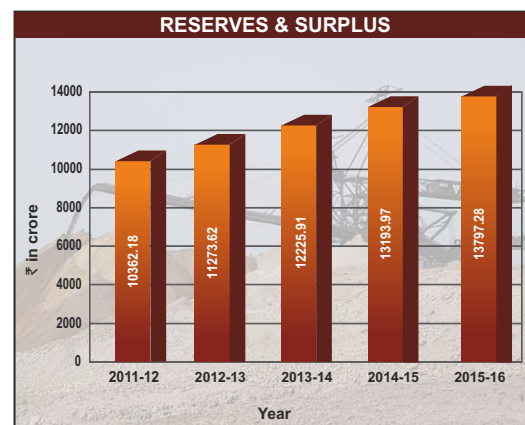
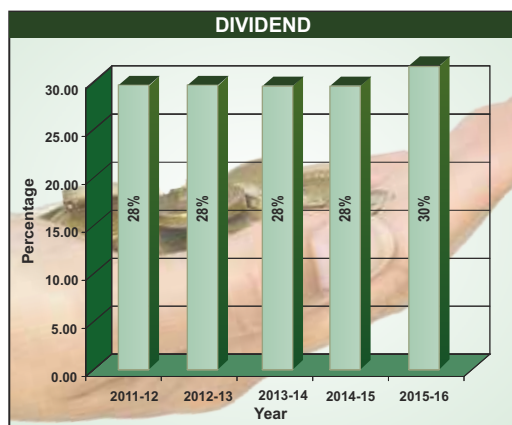
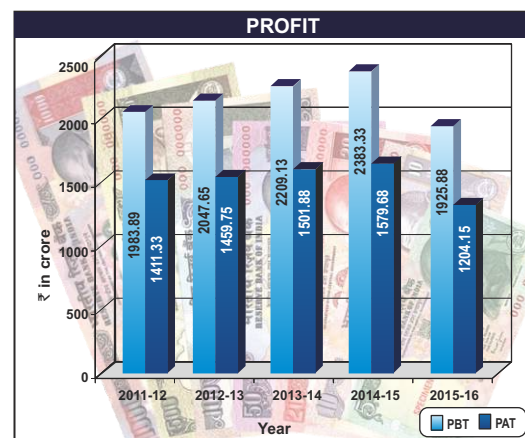
Lignite production  
254.51 LT  
Power Generation (gross)  
19182.21 MU  
Power Export  
16104.02 MU



#### FINANCIAL

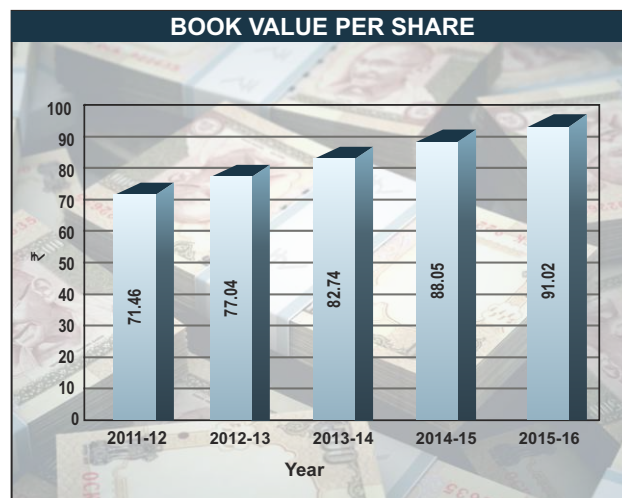
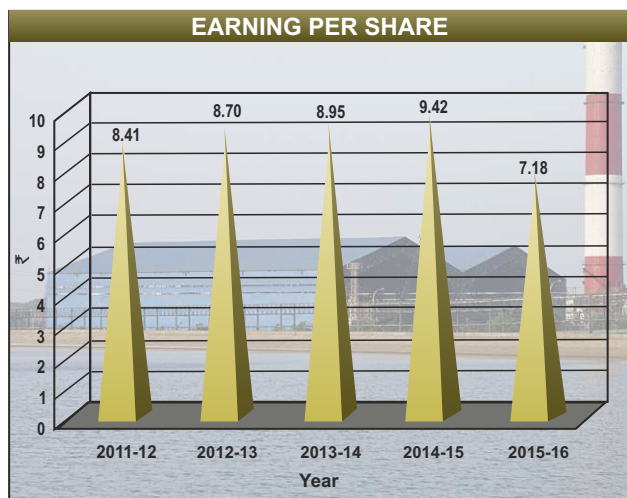
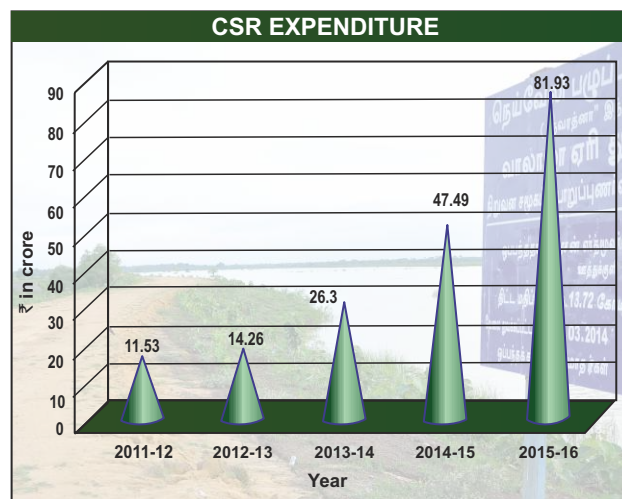
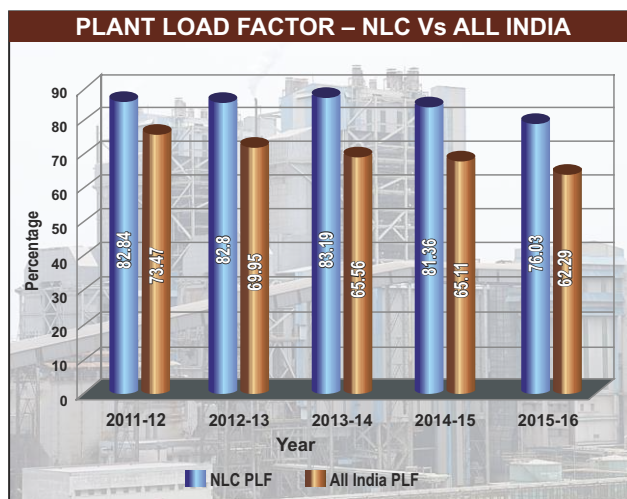
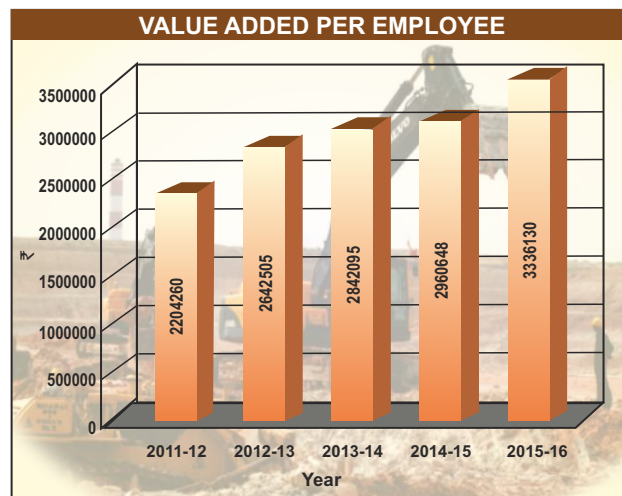
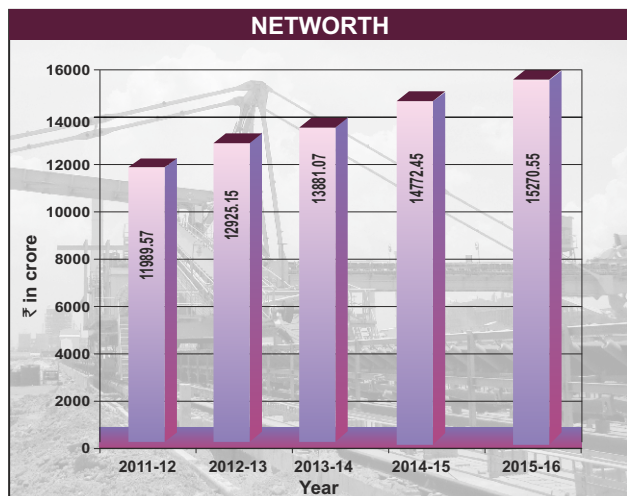
₹ in crore

Sales  
6669.05  
Profit Before Tax  
1925.88  
Profit After Tax  
1204.15  
Dividend  
30%  
Reserves & Surplus  
13797.28  
Net Worth  
15270.55  
Value Added Per Employee (₹)  
3336130  
Book Value (₹)  
91.02  
Earning Per Share (₹)  
7.18





## PHYSICAL AND FINANCIAL CHARTS



## 10 Years Performance at a glance - Financial

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>INCOME STATEMENT</b>										
Sales	6669.05	6087.68	5967.23	5590.07	4866.85	4295.95	4121.02	3354.91	2981.65	2108.11
Other Income	525.15	709.29	1024.76	582.95	748.36	571.69	569.22	720.79	611.45	635.66
<b>TOTAL INCOME</b>	<b>7194.20</b>	<b>6796.97</b>	<b>6991.99</b>	<b>6173.02</b>	<b>5615.21</b>	<b>4867.64</b>	<b>4690.24</b>	<b>4075.70</b>	<b>3593.10</b>	<b>2743.77</b>
Operating Expenses	4452.35	4162.53	4011.03	3581.01	3129.75	2674.47	2801.08	2589.33	1705.86	1383.38
Earning before Int., Depn. & Tax	2741.85	2634.44	2980.96	2592.01	2485.46	2193.17	1889.16	1486.37	1887.24	1360.39
Depreciation	599.23	440.62	517.28	512.31	430.18	412.87	253.89	424.50	454.49	447.34
Interest	188.36	156.06	181.58	193.39	149.54	112.77	33.58	8.15	8.80	43.28
Profit for the year	1954.26	2037.76	2282.10	1886.31	1905.74	1667.53	1601.69	1053.72	1423.95	869.77
Prior Period Adjustments(Net)	0.00	0.00	0.00	0.00	0.00	0.00	3.17	-7.71	-2.66	4.89
Exceptional items	-28.38	345.57	-72.97	161.34	78.15	17.02	0.00	0.00	0.00	0.00
Extra-ordinary income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before tax	1925.88	2383.33	2209.13	2047.65	1983.89	1684.55	1604.86	1046.01	1421.29	874.66
Provision for tax	721.73	803.65	707.25	587.90	572.56	386.22	357.40	224.92	319.72	307.88
Profit after tax	1204.15	1579.68	1501.88	1459.75	1411.33	1298.33	1247.46	821.09	1101.57	566.78
Dividend	503.32	469.76	469.76	469.76	469.76	385.87	335.54	335.54	335.54	201.33
Dividend tax	101.50	96.94	79.83	78.55	76.21	62.60	56.37	57.03	57.02	34.22
<b>BALANCE SHEET</b>										
Equity Capital	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71
Reserves & Surplus	13797.28	13193.97	12225.91	11273.62	10362.18	9496.82	8646.96	7791.52	7362.57	6652.80
Networth	15270.55	14772.45	13881.07	12925.15	11989.57	11121.40	10225.60	9412.78	9008.79	8309.29
Loans Outstanding	3539.98	3164.34	3150.29	3524.14	3819.28	4004.04	4077.36	4057.70	2790.68	1505.70
Net Fixed Assets	9654.23	6425.66	6470.62	6635.36	8253.75	6795.82	5238.80	4502.96	3743.67	3850.43
Investments	1949.12	1934.06	1616.89	1432.40	1197.05	964.75	1044.94	811.37	826.22	929.41
Net Current Assets	6400.30	5907.94	5928.74	6055.31	5558.55	5268.07	4681.17	4705.51	4049.71	3744.81
Capital Employed	16054.53	12333.60	12399.36	12690.67	13812.30	12063.89	9919.97	9208.47	7793.38	7595.24
<b>RATIOS</b>										
Operating Margin(OPM)(%)	33.24	31.62	32.78	35.94	35.69	37.74	32.03	22.82	42.79	34.38
Return on Capital Employed (ROCE)(%)	7.50	12.81	12.11	11.50	10.22	10.76	12.58	8.92	14.13	7.46
Return on Networth (RONW)(%)	7.89	10.69	10.82	11.29	11.77	11.67	12.20	8.72	12.23	6.82
Debt Equity (%)	23.18	21.42	22.69	27.27	31.86	36.00	39.87	43.11	30.98	18.12
Current Ratio	3.19	3.55	3.44	3.78	3.17	3.04	2.56	2.65	3.21	3.27
Quick Ratio	2.75	3.16	3.16	3.46	2.97	2.85	2.39	2.46	2.96	2.99
<b>VALUE ADDED PER EMPLOYEE (in ₹)</b>	<b>3336130</b>	<b>2960648</b>	<b>2842095</b>	<b>2642505</b>	<b>2204260</b>	<b>1934346</b>	<b>1844515</b>	<b>1218369</b>	<b>1276836</b>	<b>1090907</b>
<b>BOOK VALUE PER SHARE (in ₹)</b>	<b>91.02</b>	<b>88.05</b>	<b>82.74</b>	<b>77.04</b>	<b>71.46</b>	<b>66.29</b>	<b>60.95</b>	<b>56.10</b>	<b>53.70</b>	<b>49.53</b>
<b>EARNING PER SHARE (in ₹)</b>	<b>7.18</b>	<b>9.42</b>	<b>8.95</b>	<b>8.70</b>	<b>8.41</b>	<b>7.74</b>	<b>7.44</b>	<b>4.89</b>	<b>6.01</b>	<b>3.88</b>
<b>DIVIDEND (%)</b>	<b>30.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>23.00</b>	<b>20.00</b>	<b>20.00</b>	<b>20.00</b>	<b>12.00</b>

## 10 Years Performance at a glance - Physical

PARTICULARS	UNIT	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>PRODUCTION</b>											
<b>Lignite</b>											
Mine-I	LT	91.01	90.55	90.03	79.60	77.34	83.05	91.59	90.40	87.82	105.48
Mine-IA	LT	28.17	29.15	30.01	29.40	28.77	27.19	27.11	30.56	33.27	38.04
Mine-II	LT	123.09	132.21	130.52	139.44	130.96	117.11	104.43	91.09	94.37	66.62
Barsingar Mine	LT	12.24	13.52	15.53	13.79	8.83	4.09	0.25	1.02	0.40	0.00
<b>TOTAL</b>	LT	254.51	265.43	266.09	262.23	245.90	231.44	223.38	213.07	215.86	210.14
<b>Power</b>											
T.P.S.-I	- Gross MU	3160.98	3631.05	4058.14	4035.43	3987.85	3878.65	4114.44	3577.49	3671.54	3981.53
	- Net MU	2776.89	3192.95	3594.55	3569.44	3510.55	3400.54	3630.13	3141.03	3235.03	3521.64
T.P.S.-I Expn.	- Gross MU	3268.16	3385.03	3292.10	3319.77	3042.68	2997.04	2979.43	3126.05	3267.66	3264.96
	- Net MU	3000.07	3107.27	3013.59	3035.58	2809.97	2743.44	2720.12	2858.42	2994.06	2988.50
T.P.S.-II	- Gross MU	10583.15	11131.33	11179.16	11238.09	11087.65	10739.78	10559.69	9064.44	10517.69	8540.09
	- Net MU	9546.47	10063.06	10104.37	10152.16	10018.96	9701.51	9549.99	8172.14	9486.88	7719.76
Barsingar T.P.S.	- Gross MU	1285.57	1380.71	1438.24	1280.85	617.68	265.61	2.48	0.00	0.00	0.00
	- Net MU	1106.09	1255.79	1256.96	1118.40	514.29	193.45	2.48	0.00	0.00	0.00
T.P.S.-II Expn.	- Gross MU	851.46	199.57	21.01	28.20	53.58	0.00	0.00	0.00	0.00	0.00
	- Net MU	660.77	125.38	14.00	19.81	39.34	0.00	0.00	0.00	0.00	0.00
Wind Power	Gross MU	24.02	1.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Net MU	23.72	1.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Solar Power	Gross MU	8.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Net MU	8.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	- Gross MU	19182.21	19729.13	19988.65	19902.34	18789.44	17881.08	17656.04	15767.98	17456.89	15786.58
	- Net MU	17122.88	17745.89	17983.47	17895.39	16893.11	16038.94	15902.72	14171.59	15715.97	14229.90
<b>SALES</b>											
Lignite	LT	17.16	25.48	32.54	27.56	27.18	21.68	21.69	21.35	22.94	20.68
Power	MU	16104.02	16671.23	16956.40	16841.51	15810.67	14971.26	14828.22	13204.05	14775.84	13330.80

LT - Lakh Tonnes      MU - Million Units

## DIRECTORS' REPORT FOR THE YEAR 2015-16

Your Board of Directors have pleasure to present the 60<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2016. It is pleased to share that pursuant to the approval of Members of the Company, the name of the Company has been changed to "NLC India Limited".

### Segment-wise Performance

#### Mines

Your Company is presently operating four lignite mines viz. three lignite mines at Neyveli, Tamil Nadu and one lignite mine at Barsingsar in the State of Rajasthan with a total capacity of 30.60 MTPA.

The total Overburden (OB) removal during the year 2015-16 was 1702.76LM<sup>3</sup> as compared to 1592.98LM<sup>3</sup> during the previous year registering a growth of around 6.89%. However, the lignite production during the year 2015-16 was 254.51LT as compared to 265.43LT during the previous year. The reduction in production was

mainly due to unprecedented rainfall during the months of November and December 2015 coupled with restricted lignite requirement from TPS-II Expansion owing to non-stabilization of units, the reduced off-take from TAQA, the Independent power producer (IPP) besides subdued demand from nearby industries, also contributed for the restricted production.



Over view of Mine

#### Power

Your Company is presently operating four Thermal Power Stations at Neyveli, Tamil Nadu and one Thermal Power Station at Barsingsar, Rajasthan, with a total installed capacity of 3240 MW. During the year both the Units of TPS-II Expn. (2x250 MW) achieved commercial operation. As Members may be aware, your Company has set its footprint in generation of renewable energy through its Wind Power Plant at Kazhuneerkulam, Tirunelveli in the State of Tamil Nadu and Solar Power Plant at Neyveli. During the year, 10 MW Solar Power Plant at Neyveli was commissioned and 8 more Wind Turbine Generators (WTGs) of 1.5 MW each were commissioned, totalling to 17 WTGs.

The power generation (Gross) during the year 2015-16 was 19182.21MU as compared to 19729.13MU in the previous year. The export of power during the year 2015-16 was 16104.02MU as compared to 16671.23MU in the previous year.

During the year 2015-16, the average Plant Load Factor (PLF) of the Thermal Power Plants of the Company which were operational for the full year (excluding TPS-II expansion) was 76.03% against the All-India average PLF of 62.29%. The unprecedented rainfall during the months of November & December, 2015 affected the power generation and export during the year 2015-16. The operation of TPS-I with reduced Operating Plant Load Factor (OPLF) owing to ageing of the plant, stabilisation process of TPS-II Expn. and the problems due to tube



failures and refractory failures in Barsingsar TPS had contributed to lower generation. Moreover, the Discoms during the year 2015-16 had surrendered 339.38 MU of thermal power which also contributed to lower performance. The issues relating to the performance of TPS-II Expn. and Barsingsar TPS are being addressed and it is expected that during the current year 2016-17, both the Plants would be performing to their rated capacity.

## Productivity

The output per man shift achieved during the year 2015-16 as compared with the previous year is given below:

Product	Unit	2015-16	2014-15	Growth %
Lignite	Tonne	13.08	12.88	1.55
Power	KwHr	22889	22008	4.00

## Financial Performance

During the year ended 31<sup>st</sup> March 2016, the Company registered a total sales of ₹ 6669.05 crore as against ₹ 6087.68 crore recorded in the year 2014-15, registering a growth of 9.55%. The sales registered for the year 2015-16 was the highest ever since inception.

The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2015-16 were ₹ 1925.88 crore and ₹ 1204.15 crore, respectively, as against the PBT and PAT of ₹ 2383.33 crore and ₹ 1579.68 crore, respectively, registered in the year 2014-15.

The reason for decrease in profit for the year 2015-16 was on account of unprecedented rainfall and flood during the months of November and December 2015 which resulted in loss of lignite production consequently affecting the power generation.

The details of profit earned for the financial year 2015-16 and appropriation of the same in comparison with the previous year 2014-15 are as under:

(₹ in crore)

	2015-16	2014-15
<b>Profit Before Tax</b>	<b>1925.88</b>	2383.33
Tax provision	<b>721.73</b>	803.65
<b>Profit After Tax</b>	<b>1204.15</b>	1579.68
<b>Appropriation :</b>		
Transfer to		
Bond Redemption Reserve	<b>15.00</b>	15.00
Interest Differential Fund Reserve	<b>15.00</b>	11.81
General Reserve	<b>120.00</b>	160.00
Interim Dividend	<b>301.99</b>	301.99
Tax on Interim Dividend	<b>60.53</b>	61.83
Proposed Final Dividend	<b>201.33</b>	167.77
Tax on proposed Final Dividend	<b>40.97</b>	35.11

## Dividend

The Board of Directors of your Company has recommended a final dividend of 12% (₹ 1.20 per share) for the year 2015-16 and during the year under review two Interim Dividends were paid @15% and 3% respectively, aggregating to 18%. The total dividend for the financial year 2015-16 works out to 30% (previous year 28%) and the total dividend outgo including Dividend Distribution Tax works out to ₹ 604.82 crore (previous year ₹ 566.70 crore), which is 50.23% of Profit After Tax (PAT) for the year 2015-16 (previous year 35.87%).

## MoU Rating for the year 2014-15

Your Company has achieved “Very Good” rating for its performance during 2014-15 in terms of the Memorandum of Understanding (MoU) entered into with the Ministry of Coal as per DPE guidelines.

## Projects under construction / implementation

### Neyveli New Thermal Power Project - 2x500 MW

Members may be aware that your Company is implementing a lignite based 1000 MW thermal power project at Neyveli as a replacement to the 600 MW TPS-I the oldest lignite fired Thermal Power Station in the Country, at a capital cost of ₹ 5907.11 crore. Due to re-tendering of Steam Generator Package, commissioning of Unit-I & II has been rescheduled to October 2017 and April 2018 respectively.



**Neyveli New Thermal Power Project**

The Steam Generator (NTA1) and Turbo-Generator (NTA2) Packages have been awarded to M/s. BHEL and the Balance of Plant (NTA3) Package has been awarded to M/s. Essar Projects (I) Limited. Detailed engineering activities, civil and mechanical works and supplies are in progress for Steam generator and Turbo generator packages. Erection of Main Boiler structures, ESP, ducting, power house structures etc., are in progress. Both the EOT cranes in Power House have been commissioned. Erection of TG has commenced. In respect of Balance of Plant Package, Engineering Civil works, Structural Fabrication and Mechanical Erection works are in progress. The cumulative expenditure incurred upto 31<sup>st</sup> March 2016 is ₹ 1813.37 crore.

### Mine-I 10.5 MTPA (Area Expansion) & Expansion of Mine-IA (from 3.0 MTPA to 7.0 MTPA)

Your Company is implementing area expansion of 10.5 MTPA Mine-I and Expansion of Mine-IA from 3.0 MTPA to 7.0 MTPA by adding contiguous lignite blocks to meet the fuel requirement of the above mentioned Neyveli New Thermal Power Plant, TPS-I Expansion and TAQA. Mining Plan for the Project has been accorded approval by Ministry of Coal while the environment clearance has been given by the Ministry of Environment & Forest (MOE&F). Mine Development activities in Mine-IA have commenced and the cumulative expenditure incurred upto 31<sup>st</sup> March 2016 is ₹ 30.39 crore

### Bithnok Thermal Power Project (250 MW) with linked Bithnok Mine (2.25 MTPA)

Your Board of Directors has accorded approval for establishing a lignite based 250 MW Thermal Power Project with a linked mine of 2.25 MTPA capacity at Bithnok, Bikaner District in the State of Rajasthan at an estimated

cost of ₹ 2709.93 crore with a scheduled commissioning in December 2019. It has been decided to implement this Project through EPC (Engineering Procurement Construction) mode and accordingly a combined Expression of Interest (EOI) tender was floated along with the Barsingsar Thermal Power Station Extension Project. Scrutiny of offers received from prospective bidders has been completed and bidders shortlisted on Pre-qualification Requirements (PQR) have been issued Techno-commercial specifications. DGPS survey and demarcation work have been completed for the Mine and the Ministry of Coal (MOC) has accorded approval for the revised Mining Plan. MoE&F has issued Environmental Clearance to Bithnok Mine Project. The cumulative expenditure incurred upto 31<sup>st</sup> March 2016 is ₹ 106.20 crore.

### **Barsingsar Thermal Power Station Extension (250 MW) with linked Hadla Mine (1.9 MTPA)**

Your Board of Directors has also accorded approval for establishing a lignite based 250 MW Thermal Power Project in Bikaner District in the State of Rajasthan as an Extension of the existing Barsingsar Thermal Power Project at an aggregate cost of ₹ 2635.04 crore with a scheduled commissioning in October 2019. The fuel requirement is proposed to be met from Hadla Mine of 1.90 MTPA capacity and the balance 0.40 MTPA from the existing Barsingsar Mine. All statutory clearances for both Power and Mine projects have been obtained. As stated earlier a combined EOI tender was floated alongwith Bithnok Power Project for EPC. Bidders have been shortlisted on PQR and Techno-commercial specifications have been issued to them. The cumulative expenditure incurred upto 31<sup>st</sup> March 2016 is ₹ 3.34 crore.

### **Wind Power Project (51 MW)**

Members may be aware that the Company as part of green energy development is implementing 51 MW Wind Power Project at Kazhuneerkulam, Tirunelveli District, Tamil Nadu at a cost of ₹ 347.14 crore. M/s. Leitwind Shriram Manufacturing Limited, Chennai, the implementing agency, has commissioned 17 Wind Turbine Generators (WTGs) aggregating to 25.5 MW till 31<sup>st</sup> March, 2016 against the total capacity of 51 MW and the balance WTGs are expected to be commissioned in 2016-17. The overall physical progress of the project is 75.5%. The cumulative expenditure incurred upto 31<sup>st</sup> March 2016 is ₹ 197.05 crore.



### **Neyveli Solar Power Project (130 MW)**

Your Company had earlier set up a 10 MW Solar Power Project in Neyveli and in order to increase its presence in generation of green energy, your Board of Directors has accorded approval for installation of 130 MW Solar Power Project at Neyveli at an estimated cost of ₹ 830.45 crore. The project is expected to be commissioned in the year 2017-18.

Ministry of New and Renewable Energy (MNRE), Government of India has launched a Scheme for setting up of 1000 MW of Grid-Connected Solar PV Power Projects by Central Public Sector Undertakings (CPSUs) and other Government agencies. The Scheme mandates to procure solar cells and modules from domestic manufacturers and also provides for Viability Gap Funding (VGF) through Solar Energy Corporation of India (SECI).

In terms of the above Scheme, MNRE has accorded in-principle approval for grant of VGF for the setting up of above project. Two bidders viz., M/s.Jakson Engineers Limited and M/s.BHEL have been selected through EPC tender and Reverse Bidding Process at a price of ₹ 4.7462 crore/MW. The cost of the project is ₹ 687.275 crore. LOA has been issued to the agencies on 04.06.2016. Site development activities are in progress.

### **Barsingsar Solar Power Project (130 MW)**

Similar to 130 MW Solar Power Project at Neyveli, your Board of Directors has also accorded approval for installation of 130 MW Solar Power Project at Barsingsar in the State of Rajasthan at an estimated cost of ₹ 830.45 crore. The project is expected to be commissioned in 2017-18. Project registration with Rajasthan Renewable Energy Corporation (RREC) has been completed. In response to the EPC tender floated two bidders viz., M/s.Jakson Engineers Limited and M/s.BHEL have been selected through EPC tender and Reverse Bidding Process at a price of ₹ 4.9795 crore/MW. The cost of the project is ₹ 723.62 crore. VGF is not available for this Project, so far. However, MNRE has been requested for VGF coverage.

## **New Projects under formulation**

### **Acquisition of Power Projects**

In order to have an inorganic growth, your Company as per the approved Corporate Plan aims to acquire power assets of about 3000 MW by the year 2025. In line with the above Plan, a MOU has been entered into with Damodar Valley Corporation (DVC) with the approval of Board of Directors of your Company for acquisition of 2 x 600 MW Raghunathpur Thermal Power Station (RTPS) set up by DVC in Purulia District of West Bengal, through a Joint Venture Company (JVC) to be formed with an equity participation of DVC & NLC in the ratio of 26% & 74%, respectively, subject to carrying out due diligence studies and approval of Competent Authorities.

Both the Units of RTPS have completed the commissioning parameters during the month of March, 2016. Power Purchase Agreements have been entered into by DVC with various DISCOMs of Haryana, Punjab and the State of Kerala and Long Term Access is available for supply of power aggregating to 450 MW and action is being taken for supply of 600 MW of Power to the State of Uttar Pradesh, subject to the approval of Ministry of Power. Regarding coal for RTPS, both DVC and your Company have approached the Ministry of Power (MoP) / Ministry of Coal (MoC) for allocation of East of Damagoria (Kalyaneswari) Coal block as linked coal mine under Special Provision of Coal Mines Rules, 2014. MoC has been requested to provide tapering Coal linkage from the Mines of Barakar area (XII of BCCL) (Dahibari, Damagoria, Lakhimata) till the allotted Mine is developed and production of coal is commenced.

M/s. SBI Capital Markets Ltd., (SBI Caps) was jointly appointed by DVC and your Company to carry out necessary due diligence studies on technical, legal and financial aspects with emphasis on risk factors & mitigation measures and also to advise both the Parties on the acquisition process. The Project Cost as determined by CERC/APTEL for the purposes of arriving at the final tariff would be the consideration value for the transfer of RTPS Project assets to the JVC. SBI Caps has arrived at ₹ 7,547 crore as the Project Cost based on CERC Regulation for Benchmark Cost and other norms etc. and the same may undergo change while determining the final tariff for this Project by CERC.

The above acquisition proposal has been forwarded to Ministry of Coal for sanction.



## **Talabira II and III Coal Blocks**

Your Board of Directors have pleasure in sharing with the Members that the Government of India has allotted Talabira II & III (containing Mineable Coal reserve of about 550 Million Tonnes) open cast Coal Mines of capacity 20.5 MTPA in the State of Odisha, exclusively to your Company. Members may be aware that the above Mines were earlier allotted to MNH Shakti Limited, the joint venture company formed among M/s. Mahanadi Coalfields Limited with 70% stake, your Company & Hindalco with 15% stake each. The above allocation was subsequently cancelled pursuant to Hon'ble Supreme Court of India judgement dated 25<sup>th</sup> August 2014. As per the allocation order issued to your Company, coal produced from the Talabira II & III Mines is to meet the fuel requirement of the proposed Sirkali TPS and the JV projects of NUPPL and NTPL.

## **Sirkali Thermal Power Project (3960 MW in two phases of 1980 MW each)**

Your Company has proposed to set up a 3960 MW coal based thermal power plant at Sirkali, Nagapattinam District in the State of Tamil Nadu at an estimated cost of ₹ 14482 crore. It is envisaged to change the unit configuration from 660 MW (Sub Critical Boiler) to 800 MW (Ultra-super Critical Boiler) in terms of MoP guidelines and action has been initiated to revise the Feasibility Report accordingly. Power Purchase Agreements (PPA) have been signed with the beneficiaries. Your Company has submitted application to Government of Tamil Nadu for administrative sanction for acquisition of land. The fuel required for this project will be met from Talabira II & III coal blocks. Preparation of EIA/EMP Reports and Feasibility Report of the project are in progress.

## **Thermal Power Station-II Second Expansion (1000 MW) with linked Mine-III (9.0 MTPA)**

Your Company has plans to set up a 1000 MW thermal power plant as a second expansion to the existing TPS-II at Neyveli and to develop a new mine - Mine-III of capacity 9.0 MTPA to meet the fuel requirement. The proposed new mine will exploit 380 MT of lignite reserves available to the South of Mine-II. Ministry of Power has granted exemption from tariff based competitive bidding for the above project. Preparation of Feasibility Report and EIA/EMP reports are in progress. PPA has been signed with TANGEDCO, Discoms of Kerala, Andhra Pradesh & Telangana and Government of Puducherry. Signing of PPA with Discoms of Karnataka is in process. Your Board of Directors have accorded approval for the Advance Action Plan for (Phase-I) for ₹ 7.05 crore for establishing the Mine-III. AAP activities are in progress. Based on the guidelines of Ministry of Power it is proposed to change the unit configuration from sub-critical (2x500 MW) to super-critical (2x600 MW) units.

## **Mine-II Augmentation from 15.0 MTPA to 18.75 MTPA, Neyveli**

In order to meet the additional requirement of linked Thermal Power Stations at Neyveli your Company has proposed to augment the capacity of Mine-II from 15.0 MTPA to 18.75 MTPA. Pre-project related activities are in progress.

## **Solar Power Projects**

With a view to fulfill the green energy commitment given to MNRE the Board of Directors of your Company has accorded in-principle approval for setting up of Solar Power Projects in the States of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Telangana, Rajasthan, Puducherry and Andaman & Nicobar Islands.

M/s. SBI Caps was engaged for preparation of Economic Viability Report (EVR) for establishing the above projects and action has been initiated with various State Governments towards acquisition of land and also for signing PPAs for the proposed projects.

### **Solar Project in Andaman & Nicobar Islands**

It is proposed to set up a grid connected 50 MW solar power project with pumped hydro storage system and battery backup in Andaman & Nicobar (A & N) Islands and Ministry of New and Renewable Energy (MNRE), has agreed to provide 40% of the Project Cost discovered through competitive bidding process as a grant. A MOU has been entered into with A & N administration and MNRE in this regard. Your Board of Directors have accorded approval for the Advance Action Plan for ₹ 3.57 crore for taking up certain preliminary project related activities.

### **Jilga-Barpali Coal Block**

Members may be aware that Government of India had earlier allocated Jilga-Barpali coal block in the State of Chhattisgarh jointly to your Company and Chhattisgarh Power Generation Corporation to develop the mine and share the coal reserves as per GOI allocation. The above coal block was found to be techno-economically not viable and hence your Company had requested Ministry of Coal to allocate alternate coal block in lieu of Jilga-Barpali and accordingly Talabira II & III blocks have been allotted.

### **Coal Assets Abroad**

Your Company was in the process of acquiring coal assets abroad for its coal based thermal power stations. Further as stated above, Talabira II & III coal blocks have been allotted to your Company to meet the fuel requirements of the coal based Sirkali Power Project of your Company and also the power projects of the Subsidiary Companies and hence it has been decided by the Board of Directors of your Company not to pursue the acquisition of coal assets abroad as envisaged earlier.

### **Joint Venture Projects**

#### **NLC TamilNadu Power Limited (NTPL) - Tuticorin Power Project (1000 MW)**

Your Board of Directors are very happy to inform that the coal based thermal power project at Tuticorin, Tamil Nadu, consisting of two units of 500 MW capacity implemented through NLC Tamil Nadu Power Limited (NTPL), a Subsidiary of your Company jointly set up with TANGEDCO, has successfully achieved commercial operation on 18<sup>th</sup> June 2015 (Unit-I) and 29<sup>th</sup> August 2015 (Unit-II) and since the commissioning of the Units, 3655.41 MU of power was generated and 3313.30 MU was exported to the grid.

#### **Neyveli Uttar Pradesh Power Limited (NUPPL) - Ghatampur Thermal Power Project (1980 MW) linked to Pachwara South Coal Block**

Your Board of Directors is pleased to inform that the sanction of the Government of India has been received for setting up of a 1980 MW coal based thermal power plant, consisting of 3 units of 660 MW each, at Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh at an estimated cost of ₹ 17,237.80 crore through its Subsidiary Company, Neyveli Uttar Pradesh Power Limited (NUPPL) a joint venture with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL). As a fuel linkage to the

above power project, the Government of India has allocated Pachawara South Coal Block with a capacity of 11.0 MTPA in the State of Jharkhand. Due to difficulties faced in carrying out exploratory drilling work by M/s CMPDIL and DGPS Survey work by M/s. Total Survey Consultancy owing to local law and order problems, it is proposed to carry out the entire activities from detailed exploration to project sanctioning and Mine development activities through Mine Development Operators (MDO).

Consequent to the delay in obtaining Stage-I forest clearance for the linked Pachwara South Coal block, which is a pre-requisite to consider environmental clearance for Thermal Project, a revised proposal for using imported coal till the commencement of production from the linked mine was submitted to MoE&F and based on that, the Environment Clearance for the Thermal Project has been received.

It has been decided to implement the Project under three Package Mode viz., Steam Generator & Auxiliaries and Steam Turbine Generator & Auxiliaries Package (GA2 Package) and Balance of Plant Package (GA3 Package). Work has been awarded on M/s. L&T – MHPS Boilers Private Limited for the GA1 Package and on M/s. Alstom Bharat Forge Power Limited for the GA2 Package. The GA3 Package is under techno-commercial evaluation. Other preliminary / enabling works including railway siding for coal receipt & unloading and water route alignment & water carrying system are under various stages of finalisation.

### **MNH Shakti Limited**

This Joint Venture Company was promoted jointly by your Company MCL and HINDALCO. As already stated the Talabira II & III coal blocks which were earlier allotted to this JV Company has been cancelled as per Hon'ble Supreme Court order and MOC has allotted the said blocks to your Company.

### **Long-term borrowings & Credit Rating**

Your Company had earlier obtained funding of Euro 215.10 Million from KfW, Germany for Mine-I, TPS-I, TPS-I Expansion & Mine-I Expansion. Further as part of funding for the Mine-II Expansion, TPS-II Expansion, Barsingsar Mines & Barsingsar Thermal Power Projects, your Company had earlier entered into Rupee Term Loan (RTL) Agreements for ₹ 3750 crore (RTL I ₹ 2500 crore and RTL II of ₹ 1250 crore) and had also issued 8.83% Neyveli Bonds 2009 aggregating to ₹ 600 crore. All these borrowings have been rated with 'AAA/Stable' indicating highest safety by CRISIL and ICRA. During the year, the outstanding amount under these loans amounting to ₹ 1400 crore has been repaid by refinancing the same from SBI (₹ 467 crore), HDFC Bank (₹ 466.50 crore) and ICICI Bank (₹ 466.50 crore), at a lower interest rate. Power Finance Corporation Limited has sanctioned a RTL of ₹ 3000 crore for the NNTPS project and this has been rated with 'AAA/Stable' (highest safety) by Brick Works.

### **Commercial**

#### **Steps taken by the Company to recover dues from Discoms in a time bound manner**

- **Rebate Scheme**

To encourage early realisation, your Company formulated a special scheme called “Graded Rebate Scheme” (w.e.f. 01.04.2014) which provided for a graded rebate from a maximum of 2% for the payment upto two days including the date of billing to 0% on the 60<sup>th</sup> day of billing.

- **One time waiver of surcharge settlement / Payment Priority Clause inclusion in PPA**

A MoU for realisation of 50% of surcharge dues and revision of Power Purchase Agreement (PPA) for incorporating payment priority clause for appropriation of receipts were entered into with Puducherry Electricity Department (PED) in line with the MoU / PPA entered into with other Discoms in the previous year.

### **Land Acquisition and R&R Policy**

The extensive land requirement for the integrated projects of the Company necessitates acquisition of private properties leading to involuntary displacement of people. Your Company is sensitive to the painful and involuntary relocation of displaced families due to the projects of your Company and strives to minimise the trauma of displacement. Your Company is continuously and consciously balancing the techno-economic and the socio-economic goals of its projects.

Your Company has developed several Resettlement Centres (RCs) in the vicinity of its Projects and these RCs are provided with good infrastructure facilities and amenities and also are well connected to the main roads. The eligible Project affected families have smoothly resettled in these RCs and have also been provided with rehabilitation measures in addition to legal compensation for loss of assets, as directed by the appropriate Government from time to time and with the cooperation of the District Administration.

Your Company is following the National Policy on Rehabilitation and Resettlement, 2007, for the ongoing projects with certain enhancements, aimed at minimising the adverse impacts of the projects on the affected people and for the benefit of the project affected population.

The R&R measures are being implemented as directed by the R&R Administrator as per the National Policy on Rehabilitation and Resettlement, 2007 and/or as per the R&R Policy/Act announced by the appropriate Government from time to time.

### **Research and Development (R&D)**

Centre for Applied Research & Development (CARD) is the In-house R&D centre of your Company. CARD has been granted National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation for chemical and mechanical testing (for certain parameters only). This accreditation is based on the international standard ISO/IEC 17025:2005 and meets the principles of ISO 9001 that are relevant to scope of testing services as well as technical competency of the laboratory.

The total R&D expenditure, incurred during the year 2015-16 was ₹ 13.82 crore and CARD has complied with the MoU guidelines on R&D.

### **Human Resource Management**

Your Company takes pride in its competent and highly motivated human resource significantly contributing to the growth and mission of the Company. Your Company maintains harmonious and cordial relationship among its employees and with other stake holders that leads to achieving organisational as well as individual goals. Human resource has been the backbone of the Company and the thrust on achieving higher growth and optimal utilisation of manpower continued in the year under review also. The total manpower of the Company as on 31<sup>st</sup> March, 2016 stood at 15880.

### **Employee Development**

Your Company is continuously promoting training, learning initiatives for skill and competency building for not only its own employees but also for the surrounding society. The training programmes and module include areas of Management, Computer, functional areas of thermal and mining, skill development, safety, CSR etc.



Envisaging the importance of skill development among the society especially youths, various measures and initiatives are taken under its CSR plan for capacity building and promoting entrepreneurial skills by imparting training and developmental activities in various trades.

Besides your Company provide Apprenticeship Training every year as per Statutory Guidelines of the Regional Director of Apprenticeship Training, Chennai (RDAT) and the Board of Apprenticeship Training (BOAT) of Southern Region, Chennai. The details of training imparted to the employees are as under:

In-house Programmes	32401 Man days including 3545 man days for women employees
Deputation Training Programmes	249 programmes covering 730 employees
Foreign Programmes	18 Foreign training programmes covering 31 Executives

### Industrial Relations

Your Company continued its faith in participative management and has a regular system of holding bipartite meetings with the Recognised Unions/Associations in addressing the common issues of the employees. Certain trade unions including the recognised unions resorted to illegal strike during the year under review in pursuance of certain demands including wage revision settlement with effect from 1<sup>st</sup> January 2012 and had called off the strike on their own. Subsequently, a MoU was reached with the recognised unions. Besides the above in general, the industrial relations scenario of the organisation remained cordial during the year 2015-16. During the period of strike, production activities were not affected.

### Implementation of Official Language Policy

In line with the Policy of Government of India and the provisions prescribed under the Official Language Act 1963, all concerted efforts were made to implement the Policy and promote the Official Language. Hindi workshops on various topics were organised besides conducting Hindi regular courses and Hindi Typewriting courses for the employees to promote the Official language. Hindi Fortnight was celebrated in the month of September 2015 and Hindi competitions were held during that period. Your Company was awarded with "Vishwamukti Rashtriya Rajbhasha Samman-2015" at Visakhapatnam for its excellent performance in the progressive use of Official Language. Your Company has organised a two day Official Language Conference and Kavi Sammelan on 17<sup>th</sup> & 18<sup>th</sup> August 2015 at Bangalore inviting participants from all coal Companies under the Ministry of Coal.

### Reservation of Posts

Your Company continues to follow the directives of the Government of India with regard to reservation for SCs, STs & OBCs. The details of group-wise Men-in-Position (MIP) as on 31<sup>st</sup> March, 2016 stands as follows:

Group	Total Strength	Strength of SC/ST / OBC			% of SC/ST/OBC		
		SC	ST	OBC*	SC	ST	OBC*
A	3905	812	280	344	20.79	7.17	8.81
B	206	47	16	60	22.82	7.77	29.13
C	10358	1990	102	2817	19.21	0.98	27.20
D	1411	306	4	676	21.69	0.28	47.91
<b>Total</b>	<b>15880</b>	<b>3155</b>	<b>402</b>	<b>3897</b>	<b>19.87</b>	<b>2.53</b>	<b>24.54</b>

\*Strength of OBCs appointed under OBC reservation which came into effect from 08.09.1993. However adequate strength of persons belonging to Backward Communities were recruited prior to the reservation for OBCs came into effect.

## **NLC Scholarship Schemes**

Your Company has instituted scholarship schemes to support the cause of education and for the benefit of the children of employees and the contract workmen deployed in NLC. Scholarships are awarded for pursuing under graduate degree / diploma / professional courses for a period of three and four years respectively. Totally 725 fresh scholarships are earmarked every year under various schemes for the above categories with a financial outlay of ₹ 3.10 crore. Besides the above, your company reimbursed the tuition fees of 1423 students belonging to SC/ST/OBC category studying in Jawahar Science College, Neyveli to the tune of ₹ 2.0 crore.

## **Sports Control Board**

Your Company promotes sports activities among the Neyveli school students and NLC personnel through NLC Sports Control Board. Neyveli school students are regularly trained in various games/athletics. Students were sponsored to participate in many State, National, International level events and have won various medals and trophies.

## **Township**

Your Company's Township at Neyveli spread over around 50 Sq.Kms with a total population of about 1,35,000 and 20,400 residential quarters is a self-contained unit with all infrastructural facilities that include schools, college, sophisticated 365 bed General Hospital, library, swimming pools, air-conditioned auditorium, stadium, community welfare centres, recreation clubs, reading rooms, parks, banks, shopping complexes, offices of Govt. agencies etc. Similar Townships with all facilities have also been established in Barsingsar and Tuticorin.

## **IT Initiatives**

During the year 2015-16, installation of Video Surveillance System / CCTV across Neyveli has been taken up. Video Conferencing System for use across the Company is under implementation. Auto refunding of Earnest Money Deposits (EMD) to the bidders in Purchase Tenders has been implemented since December 2015. Auto refund of EMDs for services procurement is expected to be completed during the current year.

## **Environment Management & Sustainable Development Projects**

Your Company practices and promotes the best environment management covering the Company's objectives, scope and structure of the environment, interaction of nature, society & the enterprise, environment impact assessment, economics of pollution, prevention, environmental management standards etc. The environment policy of your Company is in line with the Vision and Mission Statement and is committed to environment friendly mining and power generation. The three Thermal Power Stations and the three Mines at Neyveli are certified with ISO 14001 (Environment Management System), ISO 9001 (Quality Management System) and OHSAS 18001 (Occupational Health and Safety Management System).

Excavation of soil for the purpose of extracting lignite is a pre-requisite for mining operation. Your Company adopts different methods to reclaim the sterile soil filled areas. Integrated Farming System (IFS) is a technique jointly developed with Tamil Nadu Agricultural University and successfully implemented in reclaiming the mined out land suitable for agricultural, horticulture crops and development of forestry, pasture land etc. During the year 2015-16, 97.50 Ha of land has been reclaimed in all the mines of Neyveli. Orchards and herbal cultivation are undertaken in the reclaimed area. Slope stabilisation of the Mines Overburden dumps has been undertaken with a view to convert the mine spoil fit for cultivation of vegetables.

Over 19.1 million trees have been planted in and around Neyveli Township and Production Units, which helps in maintaining clean environment, dust suppression, noise control, lowering the atmospheric temperature and maintaining ecological balance.

As a measure of clean environment your Company imposed ban on usage of plastic bags inside the Neyveli Township.

## **Safety**

Your Company is taking pioneering efforts to provide a safe work place for its employees. Risk Assessment and Safety Audit are conducted for Mines and Thermal Power Stations on a regular basis by engaging accredited external agency. Safety related trainings Basic, Refresher on the job and job related briefing are being carried out to all sections of employees through well-designed training centres like Group Vocational Training Centre for Mines, Thermal Training Centre and Learning & Development Centre. Pit Safety Committee, Unit Safety Committee and Central Safety Council are functioning with a view to cultivate safety awareness among the employees and to minimise the accidents.

## **Risk Management**

In order to identify, assess, prioritize the threats to business and to create ways to reduce or mitigate their impact, your Company has an approved Risk Management Policy and as per the policy the risks are classified broadly into three categories, viz., Strategic Risks, Business Risks and Operational Risks and further categorised based on their impact and the frequency.

Your Company has developed a comprehensive Integrated Risk Management (IRM) framework headed by a Functional Director and under this framework, Risk Management is practiced in all the units and the possible risks associated with its business are identified and mitigation plans are evolved. The risk together with the mitigation plans and its implementations are reviewed by the Risk Management Committee, Audit Committee and by the Board periodically.

## **Vigilance**

In order to sensitize the employees of your Company, measures such as Pro-active, Preventive and Punitive vigilance activities were undertaken by Vigilance Department. Besides surprise checks, regular checks, CTE type examinations, quality check and study/inspection have been conducted and various system improvements were achieved.

Various IT initiatives such as Bill Tracking System, Payment to Contract Workmen by the Contractors through Bank, GPS based Vehicles Tracking System for lignite transportation, Auto refund of EMD for unsuccessful bidders for Purchase of Materials through e-procurement, online vendors empanelment and installation of surveillance camera were undertaken. Corruption Mapping is done in NLC.

Students Ethical Programme was introduced to impart ethical awareness and ethical character education programme to the school students of Neyveli Township. Customised training programmes are conducted to sensitise the employees.

For the third consecutive year, Vigilance department has been conferred with Corporate Vigilance Excellence Award.

## **MOU with Transparency International**

Your Company has signed a Memorandum of Understanding with Transparency International India, part of Asia Pacific forum comprising 20 nations. Transparency International India is the Indian chapter of Transparency International, based at Berlin. During the year 2015-16, two review meetings of the Independent External Monitors were held with the senior executives of the Company.

## **Corporate Social Responsibility (CSR)**

Your Company, as a socially responsible corporate citizen has continued to carry out development works in the surrounding villages, right from its inception, focusing on the socio economic development of the operating regions for achieving inclusive growth.

- In the year 2015-16, your Company has adopted a Corporate Social Responsibility Policy covering the various sectors of sustainable socio-economic development. The Policy is available in your Company's Website: [https://www.nlcindia.com/csr/CSR\\_Policy\\_NLC\\_2014.pdf](https://www.nlcindia.com/csr/CSR_Policy_NLC_2014.pdf)
- Your Company outlays funds for the CSR projects, programmes and activities selected for implementation under the CSR Policy.
- The CSR Committee of the Board is monitoring the implementation of the CSR Projects. The Board of Directors reviews the same and ensures that your Company spends, in every financial year, at least 2% of the average net profits of the Company for the last three years.
- Timeframes and milestones are fixed through Baseline Survey before commencement of the CSR Projects.
- Initiatives of State/Central Government Departments/Agencies are dovetailed/synergized with the CSR activities of the Company.

The CSR expenditure of your Company for the year 2015-16 is ₹ 81.93 crore.

The major CSR initiatives undertaken during the year 2015-16 are given below:-

### **CSR - Peripheral**

Members may be aware that a structured system is in operation for executing capital works for developing social infrastructure and building sustainable community assets which benefit the villages surrounding Neyveli in Tamil Nadu and Barsingsar in Rajasthan State. Under this scheme, infrastructure development works like drinking water facility by sinking/maintaining the bore-wells, constructing RCC water tanks, providing roads, bridges & access, additional school buildings, laboratories, libraries, additional Infrastructure for primary health centres, developing medical facilities, de-silting of lakes etc., are being carried out on the basis of needs and priorities. Various works have been carried out during the year under review for the benefit of the population in the areas surrounding the operating localities. This includes the construction of 1,414 toilet blocks in the Government High Schools in the States of Tamil Nadu and Rajasthan at an expenditure of ₹ 36.72 crore. Your Company also provides access to the social facilities of the Company's Townships to the public in the surrounding areas.

### **CSR - Community**

Your Company continues to extend all assistance including grant and infrastructure to Sneha Opportunity Services at Neyveli to run a day-care education and training centre for special children of the region.

Neyveli Health Promotion and Social Welfare Society patronised by your Company has been serving the society by supplying artificial limbs / calipers to the differently abled, apart from running a school for the hearing impaired and a Computer Centre, imparting training for differently abled, widows and destitutes and gainfully employing them.



During the year 2015-16, CSR focused training programmes were organised for the benefit of the students, teachers and the population of Neyveli locality, in which 3953 persons participated. 327 women from various peripheral villages were trained in Light Motor Vehicle driving, tailoring and beautician trades. Around 300 men from various peripheral villages were trained in trades of operation & maintenance of Light Motor Vehicles, Heavy Transport Vehicles and Earth Moving Equipment Operation, Welding and House Wiring.

Your Company has contributed ₹ 100.81 lakh during the year 2015-16 under CSR, towards the Relief and rehabilitation of areas affected by floods in the operating State of Tamil Nadu. This is apart from the contribution of ₹ 148.19 lakh made by the employees of your Company, for the same purpose.

### CSR - Education

Your Company offers best education through its 10 schools - 3 Higher Secondary Schools, 2 High Schools, 3 Middle Schools and 2 Elementary Schools and also through the Kendriya Vidyalaya at Neyveli, to the students from surrounding villages and also to the wards of employees. During the year under review, the students' strength in these 11 schools was 6894.

Your Company has imparted motivational and exam skills training in the year to 2029 girls and 1796 boys of X and XII Standards in Neyveli and 14 peripheral village schools.

Your Company provides infrastructural support and also periodical financial support to Rajiv Gandhi Education Society, Barsingsar for providing quality education and technical training to the children of villages around your Company's project-sites in addition to the Jawahar Education Society at Neyveli.

During the year, 112 students have been imparted Industrial / Technical Training in Industrial Training Institute in Barsingsar village.

### CSR - Health

Your Company provides quality medical treatment and occupational health services through its General Hospital to all inhabitants of the Neyveli Township and its surrounding villages, including comprehensive medical treatment to the Contract Workmen and their family members.

#### During the year 2015-16 :

- Free medical consultation with minimum antibiotic therapy and vitamins was extended in about 86000 instances to out-patients from the rural public. About 32000 patients were given emergency treatment for various causes. Community Health Screening for diabetes, Hypertension and HIV covering about 12000 persons during the Annual Book Fair and Safety Week Celebration were carried out.
- 21 medical camps were conducted in peripheral villages located in the area surrounding Neyveli Township in Cuddalore District. 6358 persons of these villages were screened and given medical advice and medicines by organising medical camps. During such camps, 603 Random Blood Sugar Tests were taken, 203 Electro Cardio Grams were generated and 438 persons were provided with vision glasses. 595 patients were referred for in-patient treatment of which 183 persons underwent treatment.
- One Blood Donation Camp was conducted in Neyveli and 67 Students donated blood for the stock of Government Hospital at Vridhachalam.



- From February 2013 onwards, your Company is providing nutritious food supplement to the HIV affected children belonging to the Cuddalore District HIV Positive Society. 285 such children were provided with food supplements during the year 2015-16.

In addition to the above, the details on specific Corporate Social Responsibility projects undertaken in compliance with Section 135 of the Companies Act, 2013 are placed as Annexure -1.

### **Contribution to the cause of women**

Your Company's human resource is represented by 7.36% of Women employees. Programmes on women empowerment were organised during the year under review. Your Company actively participated and deputed women employees for the programmes organised by "Women in Public Sector" (WIPS) under the aegis of SCOPE. Your Company is the only organisation that provides workers education exclusively for women employees under guidance of Central Board for Workers Education (CBWE). Women are imparted with various vocational skills at the "Women Empowerment Centre".

### **Visit of Parliamentary Committees**

During the year 2015-16 the following Parliamentary Committees visited your Company.

1. Committee on papers laid on the table of the Rajya Sabha.
2. Standing Committee on labour.

### **Awards & Recognition**

In recognition of its various activities, your Company has been conferred with the following awards during the year 2015-16 :

1. "Excellence in Cost Management Award 2014" from the Institute of Cost Accountants of India in recognition of cost control measures undertaken by your Company.
2. "Star PSU Award" from Bureaucracy Today, for excellence in Corporate Social Responsibility in recognition of commitment and continuous engagement by your Company with communities towards empowering development for a sustainable growth.
3. "Viswamukti Rashtriya Rajbhasha Samman 2015" for effective implementation of Hindi as Official Language.
4. "Excellence in Integrated Water Resource Management Award" from Central Board of Irrigation and Power.
5. "National Golden Peacock Award for CSR-2015" from the Institution of Directors, New Delhi.
6. "Gold Award" for outstanding achievement in CSR from Greentech Foundation.

### **Compliance under Persons with Disabilities Act, 1995**

Your Company ensures compliance of provisions under the Persons with Disabilities (Equal opportunities, Protection of rights and full participation) Act, 1995. Your Company has evolved a comprehensive policy for Persons with Disabilities (PwDs) as per the guidelines of DoPT for providing certain facilities/amenities to PwDs to meet their requirements and enable them to effectively discharge their duties.

Your Company has resorted to a special recruitment drive during the year 2015-16 for appointing persons with disabilities as per reservation policy and till March 2016, 112 persons with various disabilities have been appointed.

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

Your Company ensures compliance under the Right to Information Act, 2005. 18 Central Assistant Public Information Officers representing different functional areas, one Nodal Officer, one Central Public Information Officer, two Appellate Authorities and one Transparency Officer have been nominated to attend to the queries and appeals received under the RTI act in a time bound manner.

During the year 2015-16, under the above Act, 552 applications containing 2114 queries were received and 508 applications covering 1840 queries have been replied.

### **Compliance under Public Procurement Policy**

The Ministry of Micro, Small and Medium Enterprises has notified the Public Procurement Policy and in terms of the said notification the target set for the financial year 2015-16 for procurement of such items which are within the scope of MSEs was 20% and as against the same, the achievement was 26.67%.

### **Citizen's Charter**

Your Company maintains Citizen's Charter, indicating details of clients, customers under different heads, system of redressal of grievance etc., and the same is regularly updated.

### **Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo**

The particulars required under Section 134(3) (m) of the Companies Act, 2013 regarding conservation of energy, technology absorption and Foreign Exchange earnings and outgo are furnished in Annexure-2.

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

The Management Discussion & Analysis Report is furnished in Annexure-3. The report on the compliance of Corporate Governance conditions stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines is furnished in Annexure-4. The Auditor's certificate on the compliance of the above Corporate Governance conditions is furnished in Annexure-5.

### **Statutory Disclosures Under Companies Act, 2013 and Listing Agreement**

#### **Extract of Annual Return**

The extract of Annual Return in terms of Section 134(3) read with 92(3) of the Companies Act, 2013 is placed in Annexure-6.

#### **Declaration by Independent Directors**

The Independent Directors have given a declaration on meeting the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

#### **Particulars of Employees**

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

#### **Loans, Guarantees and Investments**

During the year 2015-16, your Company had subscribed to the equity share capital for an amount of ₹ 238.41 crore and ₹ 142.44 crore in NTPL & NUPPL respectively. As on 31<sup>st</sup> March 2016 the share capital held by your Company in NTPL & NUPPL is ₹ 1746.43 crore and ₹ 189.92 crore respectively. During the year 2015-16, your Company has agreed to extend a Short Term Loan of ₹ 500 crore for a period of 6 months to NTPL to meet its working capital requirements. Out of which an amount of ₹ 320 crore has been drawn by NTPL during 2015-16 and besides the above, your Company has not granted any loan or guarantee or made any investments (other than short-term deposits with the bank in the ordinary course of business) during the year 2015-16.

## **Transfer to Reserves**

During the year 2015-16, ₹ 120 crore has been transferred to general reserves.

## **Deposits**

The Company has not accepted any deposit from public.

## **Disclosure with respect to demat suspense account/unclaimed suspense account**

There were 1100 equity shares pertaining to 6 shareholders lying unclaimed as on 01.04.2015. During the year 2015-16, no claim was received from any of the above shareholders and that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

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

- Inspector General of Registration-cum-Chief Controlling Revenue Authority issued an order set aside the claim of ₹ 120.00 crore demand made by the Sub-Registrar, Kammapuram, Vridhachalam towards short fall in stamp duty and registration charges in connection with the indenture of mortgage of charges for the loan availed from Power Finance Corporation.
- Commissioner of Income-tax (Appeals) issued favourable orders by rejecting part of the demand made by the Department in the assessment orders, thereby ₹ 271.94 crore of the claim against the Company will decrease.

## **Sexual harassment of women at work place**

An exclusive Committee has been constituted for looking into the complaints relating to sexual harassment of woman at work place. During the year 2015-16, no complaint was received in this regard.

## **Auditors**

### **Statutory Audit**

M/s. P.B. Vijayaraghavan & Co., Chartered Accountants, Chennai and M/s.Chandran & Raman, Chartered Accountants, Chennai were appointed by the Comptroller and Auditor General of India (C&AG) as the Joint Statutory Auditors for the year 2015-16 under Section 139 of the Companies Act, 2013. The Board of Directors of your Company has fixed ₹ 24 lakh plus applicable service-tax as the Statutory Audit fees, to be shared equally by the Joint Statutory Auditors.

### **Branch Audit**

M/s. Surender K Goyal & Co., Chartered Accountants, Jaipur has been appointed as the Branch Auditor for the year 2015-16 by C&AG for conducting the audit of Mine and Thermal Units at Barsingsar.

### **Secretarial Audit**

Shri. R. Balasubramaniam, Practising Company Secretary, Chennai was appointed as the Secretarial Auditor for the year 2015-16. The Secretarial Audit report for the year 2015-16 and the reply to observations of the Secretarial Auditor are furnished in Annexure-7.

### **Cost Audit**

M/s. M. Krishnaswamy & Associates, Cost Accountants, Chennai were appointed as the Cost Auditor for the year 2015-16, to conduct the cost audit for Mines & Power Stations of the Company. The Cost Audit Report for the year 2014-15 was filed with MCA on 28.09.2015.

### **C&AG's Comments**

C&AG's Comments on the accounts for the year ended 31<sup>st</sup> March, 2016 is furnished in Annexure-8.



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

The Board of Directors declares that :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Board of Directors**

On attaining the age of Superannuation Shri. B. Surender Mohan laid down the Office of Chairman and Managing Director on 30.09.2015. Shri. Sarat Kumar Acharya, earlier functioning as Director/HR has been appointed as the Chairman and Managing Director by the Ministry of Coal w.e.f. 01.10.2015.

Shri. Rajesh Lakhoni, former Secretary to Govt. of Tamil Nadu, Energy Department, relinquished the Office w.e.f. 11.12.2015 and Shri. N.S. Palaniappan, Principal Secretary to Govt. of Tamil Nadu/Public Works Department and Energy Department was inducted as a Director on the Board of the Company w.e.f. 23.12.2015.

Shri. S. Rajagopal, Director/Power and Shri. S. Boopathy, Director (P&P), relinquished their Office on 31.08.2015 and 31.12.2015 respectively, on attaining the age of superannuation and in their places Shri. V. Thangapandian and Shri. P. Selvakumar have been appointed w.e.f. 01.09.2015 and 01.01.2016 respectively.

Shri. Chandra Prakash Singh, Shri. Azad Singh Toor and Shri. K. Madhavan Nair were inducted as Independent Directors of the Company w.e.f. 17.11.2015, 03.12.2015 and 11.12.2015 respectively.

Smt. Sujata Prasad, Joint Secretary & Financial Advisor, Ministry of Coal and Shri N.S. Palaniappan, Principal Secretary to Govt. of Tamil Nadu/Public Works Department & Energy Department who were on the Board of the Company relinquished the office w.e.f. 20.06.2016 and 06.07.2016 respectively.

The Board places on record its appreciation for the valuable contribution made by Shri. B. Surender Mohan, Shri. S. Rajagopal, Shri. S. Boopathy, Shri. Rajesh Lakhoni, Smt. Sujata Prasad and Shri. N.S. Palaniappan during their tenure as Directors on the Board of the Company.

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

## **Acknowledgement**

The Board of Directors of your Company places on record its sincere appreciation for the continued support and guidance extended by the Ministry of Coal, Ministry of Power, Ministry of Finance, Ministry of Environment & Forest, Ministry of Industry, Ministry of Labour, Ministry of Heavy Industries, NITI Aayog, Central Electricity Authority, Central Electricity Regulatory Commission, State Electricity Boards and beneficiaries of Tamilnadu, Andhra Pradesh, Telangana, Karnataka, Kerala, Puducherry and Rajasthan and also the Joint Venture Promoters, viz., Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL), Mahanadi Coalfields Limited (MCL) and Hindalco.

The Board of Directors of your Company is pleased to acknowledge with gratitude the co-operation and continued support extended by the Governments of Tamilnadu & Rajasthan and the District Administration of Cuddalore and Bikaner. The support and co-operation by the Comptroller and Auditor General of India, the Statutory Auditors, Branch Auditor, Cost Auditor, Secretarial Auditor, Director General of Mines Safety, the Factory & Boiler Inspectorates, Chief Inspector of Factories, the Director of Boilers, Central Pollution Control Board, State Pollution Control Board, Chief Controller of Explosives, Regional Labour Commissioner, Regional Provident Fund Commissioner, the Company's Bankers and KfW of Germany need special mention and the Directors acknowledge the same.

Your Directors also wish to place on record their appreciation for the dedicated work put forth by the employees at all levels. The positive roles played by the recognised Trade Unions and Associations of the Engineers and Officers in maintaining cordial industrial relations deserve special mention.

for and on behalf of the Board of Directors

**Place : Chennai**  
**Date : 04.08.2016**

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

## Annexure-1

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes.

- ◆ The Company has been carrying out peripheral developmental activities for betterment of communities in the surrounding villages since inception.
- ◆ The vision of the Company is to continue to be a socially responsible Company while emerging as a leading mining and power Company.
- ◆ The Company's mission is to play an important role in the society.
- ◆ The Company has adopted a CSR Policy, under which new/ongoing CSR projects/programmes/activities are undertaken. The Policy is available in the Company's website: [https://www.nlcindia.com/csr/CSR\\_Policy\\_NLC\\_2014.pdf](https://www.nlcindia.com/csr/CSR_Policy_NLC_2014.pdf)
- ◆ The CSR activities of the Company focus on sustainable development and inclusive growth, addressing the basic needs of the surrounding communities.
- ◆ Aiding in the Socio-economic development of the local State(s) in which the Company operates and also the country at large.
- ◆ The CSR of the Company contributes to various sectors of development, as enumerated in the Schedule VII of the Companies Act. The main sectors are:
  - Health and Sanitation
  - Education and Special Education
  - Employment enhancing vocational skills
  - Women Empowerment
  - Sports
  - Relief and Rehabilitation of area affected by disasters.
  - Rural Development projects for water resources augmentation for irrigation and roads & access and overall community development.
- ◆ The CSR Committee of the Board of the Company monitors them.
- ◆ The Board of Directors of the Company reviews the same from time to time and ensure that at least two percent of the average net profit of the Company for the last three years is spent by the Company on CSR.

### 2. The Composition of the CSR Committee (as on 31.03.2016)

1. Shri. Sarat Kumar Acharya - Chairman
2. Shri. Rakesh Kumar - Member
3. Shri. Subir Das - Member
4. Shri. V. Thangapandian - Member
5. Shri. Chandra Prakash Singh - Member

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

₹ 2,213.37 crore.

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

₹ 44.27 crore.

### 5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year;  
₹ 81.93 crore.

b) Amount unspent, if any;  
NIL.

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

**CSR EXPENDITURE FOR THE YEAR 2015-16**

(₹ in lakh)

Sl. No.	CSR project or activity identified	Sector in which the project is covered.	Projects or programme (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken	Amount outlay (Budget) project or programme-wise	Amount spent on the projects or programme Sub-heads : (1) Direct expenditure on projects or programme (2) Overheads	Cumulative expenditure up to the reporting period.	Amount Spent; (1) Direct or (2) Through implementing agency (*Details Given below)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1</b>	<b>SAMOOH UNNATHI - Community Development</b>						
<b>1.1</b>	<b>SWASTHIYA SAMUDAY - Healthy Community</b>						
1.1.1	Health care / Preventive Health Care	Health care / Preventive Health Care	(1) Local	15.000	16.775	16.945	7.474
	Health care / Preventive Health Care	Health care / Preventive Health Care	(2) Cuddalore, Tamil Nadu		0.170		9.301
1.1.2	POSHAK - Nutritious Food Supplements	Health care / Preventive Health Care	(1) Local	14.500	14.295	14.491	0.000
	Health care / Preventive Health Care	Health care / Preventive Health Care	(2) Cuddalore, Tamil Nadu		0.195		14.295
1.1.3	ILAAJ Health Care	Health care / Preventive Health Care	(1) Local	406.000	670.915	677.231	670.915
	Health care / Preventive Health Care	Health care / Preventive Health Care	(2) Cuddalore, Tamil Nadu and Bikaner, Rajasthan		6.316		0.000
1.1.4	SWACCHATHA - Sanitation	Sanitation, including "Swachh Vidyalay Abhiyan"	(1) Local	1888.600	3624.847	3672.459	3624.847
	Sanitation	Sanitation, including "Swachh Vidyalay Abhiyan"	(2) Cuddalore and other Districts, Tamil Nadu and Bikaner, Rajasthan		47.612		0.000
1.1.5	PACCA PANI - Safe Drinking Water	Making available safe drinking water	(1) Local	12.830	12.858	13.033	12.858
	Safe Drinking Water	Making available safe drinking water	(2) Cuddalore, Tamil Nadu and Bikaner, Rajasthan		0.175		0.000
<b>1.2</b>	<b>SIKSHITH SAMAAJ - Educated Society</b>						
1.2.1	TAALEEM - Formal Education to Children and Youth	Promoting Education	(1) Local	1456.800	2052.884	2061.177	2052.884
	Formal Education	Promoting Education	(2) Cuddalore, Tamil Nadu and Bikaner, Rajasthan		8.293		0.000
1.2.2	VIJAYA SOPAN - (Vetripadi) - Coaching classes to deprived and under privileged Students	Promoting Education	(1) Local	4.800	4.800	4.865	0.000
	Coaching classes to deprived and under privileged Students	Promoting Education	(2) Cuddalore, Tamil Nadu		0.065		4.800
1.2.3	PHALAPRAD BHAVISHYA (Vetrikani Kittum) - Motivation and exam Skill Training to High & Higher Secondary School leaving Students	Promoting Education	(1) Local	3.800	3.537	3.574	1.937
	Motivation and exam Skill Training to High & Higher Secondary School leaving Students	Promoting Education	(2) Cuddalore, Tamil Nadu		0.037		1.600
1.2.4	SAHAYATHA - Scholarship to SC/ST/OBC students for higher Education and wards to contract workman	Promoting Education	(1) Local	164.000	200.295	203.028	200.295
	Scholarship to SC/ST/OBC students for higher Education and wards to contract workman	Promoting Education	(2) Cuddalore, Tamil Nadu		2.733		0.000



**CSR EXPENDITURE FOR THE YEAR 2015-16**

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1.3</b>	<b>ASHRAY - Support Service</b>						
1.3.1	SNEHA - Day care, Education and Vocational Training to Special Children	Special Education	(1)	Local	17.500	17.500	17.500
			(2)	Cuddalore, Tamil Nadu		0.225	0.000
1.3.2	SHRAVANE - Education to the hearing and speech impaired	Special Education	(1)	Local	1.500	1.500	1.500
			(2)	Cuddalore, Tamil Nadu		0.020	0.000
1.3.3	LAGAAVAT - Appliances to persons with disabilities	Special Education	(1)	Local	0.800	0.800	0.800
			(2)	Cuddalore, Tamil Nadu		0.011	0.000
<b>1.4</b>	<b>JEEVIKA - Livelihood</b>						
1.4.1	NIPUNATHA - Skill / Entrepreneurial Development Training - Technical Trades	Vocational Skills	(1)	Local	1.000	0.971	0.971
			(2)	Cuddalore, Tamil Nadu		0.013	0.000
1.4.2	KOUSAAL VRIDHI - Skill / Entrepreneurial Development Training	Vocational Skills	(1)	Local	21.140	20.168	20.168
			(2)	Cuddalore, Tamil Nadu		0.275	0.000
<b>1.5</b>	<b>STHREE SAMANTHA - Gender Equality</b>						
1.5.1	PRAVEEN STHREE: Skill/ Entrepreneurial Development Training to Women.	Women empowerment	(1)	Local	20.000	20.256	11.903
			(2)	Cuddalore, Tamil Nadu		0.274	8.353
<b>1.6</b>	<b>SATHVAA - Natural Entities</b>						
1.6.1	PARIPRADESH - Environs	Environmental Sustainability	(1)	Other	5.000	5.000	0.000
			(2)	Districts of Ganga river, India		0.000	5.000
1.6.2	JEEV HITH - Animal Welfare	Animal Welfare	(1)	Local	5.710	5.705	5.705
			(2)	Bikaner, Rajasthan		0.078	0.000
1.6.3	URJAA SAMRAKSHAN - Energy Conservation	Energy Conservation	(1)	Local	1.750	1.743	1.743
			(2)	Bikaner, Rajasthan		0.024	0.000
<b>1.7</b>	<b>VIRAAASATH, KALA OWR SAMSKRITHI - Heritage, Art &amp; Culture</b>						
1.7.1	NAVEENKARAN - Renovation	Heritage, Art & Culture	(1)	Local	7.000	7.070	7.070
			(2)	Cuddalore and Tamil Nadu		0.096	0.000
1.7.2	VAARDHAT - Socio Cultural Events.	Heritage, Art & Culture	(1)	Local	6.650	6.647	6.647
			(2)	Cuddalore, Tamil Nadu		0.091	0.000

### CSR EXPENDITURE FOR THE YEAR 2015-16

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1.8</b>	<b>SAINIK SUGATHI - Welfare of Army veterans</b>						
1.8.1	SAINIK SAHAYATHA - Contribution to Armed Forces Flag Day Fund	Welfare of Army veterans	(1)	Other	5.000	5.000	0.000
			(2)	India		0.000	5.000
<b>1.9</b>	<b>KHEL &amp; KUDH - Sports &amp; Paralympic</b>						
1.9.1	KILAUNA UTHYAN - Sports Development	Promoting Sports	(1)	Local and others	42.240	42.238	42.238
			(2)	Cuddalore, Tamil Nadu and Hyderabad, Andhra Pradesh		0.576	0.000
<b>1.10</b>	<b>RAHATH OWR PUNASTHAN - Relief and Rehabilitation in Disaster Stricken Areas</b>	Various sectors as identified by the respective States, in the affected areas	(1)	Local	100.000	100.810	0.000
			(2)	Cuddalore, Tamil Nadu		0.000	100.810
<b>2</b>	<b>GRAMIN VIKAS - Rural Development</b>						
2.1	JALA PARYAPTHA - Water Resource Augmentation	Rural Development Projects	(1)	Local	283.110	283.467	283.467
			(2)	Cuddalore, Tamil Nadu		3.868	0.000
<b>2.2</b>	<b>BUNIYAAD - Infrastructure</b>						
2.2.1	DHORA - Roads and Access	Rural Development Projects	(1)	Local	142.000	983.011	983.011
			(2)	Cuddalore, Tamil Nadu and Bikaner, Rajasthan		1.534	0.000
2.2.2	SAMOOH SAMPATTHI - Community Assets	Rural Development Projects	(1)	Local	49.800	17.463	17.463
			(2)	Cuddalore, Tamil Nadu and Bikaner, Rajasthan		0.238	0.000
<b>TOTAL</b>					<b>4676.53</b>	<b>8120.557</b>	<b>7971.398</b>
						<b>72.921</b>	<b>149.159</b>
				<b>TOTAL</b>		<b>8193.478</b>	<b>8193.478</b>

### Details of implementing Agency

Sl. No.	Name of Project / Programme / Activity	Implementing Agency	Amount Spent through Implementing Agency (₹ in lakh)
1	NLC Arogyaa Camps Project	Pondicherry Institute of Medical Services, Puducherry	9,301
2	Poshak Project	Sri Lalithambigai Mahalir Thondur Niruvanam, A-Block, NLC Rehabilitation Centre, Neyveli	14,295
3	Vijaya Sopan - Vetripadi Project	Neyveli Tamil Sangam, Neyveli	4,800
4	Phalaprad Bhavishya - vetrikkani Kittum Project	Trainers Grid of JCI Neyveli	1,600
5	PRAVEEN STREE: Skill/Entrepreneurial Development Training to Women.	Neyveli Mahalir Mandram	8,353
6	PARIPRADESH - Environs	Clean Ganga Fund	5,000
7	SAINIK SAHAYATHA - Welfare of Army Veterans	Contribution to Armed Forces Flag Day Fund	5,000
8	RAHATH OWR PUNASTHAN - Relief and Rehabilitation in Disaster Stricken Areas	Tamil Nadu Chief Minister's Public Relief Fund	100,810
		<b>TOTAL</b>	<b>149,159</b>

6. In case the Company has failed to spend the two per cent 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 its Board report.

Not Applicable.

7. 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.

The 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

(Chairman and Managing Director)

Sd/- xx xx xx

(Chairman of CSR Committee)

## **Annexure-2**

### **A. Conservation of energy**

#### **i) The steps taken or impact on Conservation of Energy**

1. Energy Conservation Committees have been formed in 14 Industrial/Service Units for adopting energy conservation measures.
2. Energy Audit is conducted in Thermal Power Station-I, Thermal Power Station-I Expansion and Thermal Power Station-II.
3. In Industrial and Service Units, wherever possible, energy conservation is being achieved through, regular maintenance, replacements, using energy efficient equipment (Automatic switching ON/Dim of LED lights in pathways and corridors lighting using human movement sensors) through in-house expertise.
4. To inculcate the culture of Energy Conservation, National Energy Conservation Week was observed from 14.12.2015 to 21.12.2015. About 750 school children were given awareness on "Energy Conservation and Environment".
5. During the Financial Year 2015-16, by adopting energy conservation measures about 27 Million Units of energy was conserved.

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

Measures are being taken to utilise alternate source of energy wherever permissible, to minimise the consumption of energy. The following measures were implemented towards utilising alternate source of energy:

1. Installation of 10 KW Solar Grid Tie System for Administrative Building of Mine-II Office.
2. Solar water heater system was successfully commissioned in Neyveli Guest House and also in the General Hospital.
3. Installation of 10 MW Solar Power plant.
4. 51 MW Wind Power Project is under implementation.
5. 130 MW Solar Power Project is under implementation in Neyveli and also in Barsingsar.

#### **iii) The Capital investment on energy conservation equipment**

During the Financial Year 2015-16, for implementing various Energy Conservation measures, the Company has invested ₹ 6.66 crore in the Industrial and Service Units.

### **B. Technology absorption**

#### **i) The efforts made towards technology absorption:**

- a) The project 'Studies on Synthesis of Zeolites from Lignite Fly Ash and its efficiency in Cooling Water Treatment' was taken up to determine the performance of the zeolite pellets produced from lignite fly ash, in continuous operation. Process conditions for the synthesis of zeolite from fly ash were optimised and the product was characterised by IIT / Kharagpur under a consultancy project work. A bench scale production facility was developed at Centre for Applied Research and Development (CARD) and trial production of zeolite tablets was carried out and packed in water treatment column. Laboratory scale column studies with zeolite tablets are under progress.



- b) S&T Project on Corrosion in SME: Study on customised organic coating in Specialised Mining Equipment (SME) deployed in mines is being carried out in association with CECRI/Karaikudi for development of specialised coating to increase the life of track carriages and SME components, by around seven years as against one year in the case of commercial paints. In this project approximately 750 M<sup>2</sup> was applied with this special coating in three SME.
- c) A project on “Enhancement of Life of De-watering pipes lines in coal mines by prevention of erosion & corrosion with Nano crystalline surface engineering treatments” has been undertaken jointly with NIT / Trichy for developing a specialised coating for enhancing life of de-watering pipes. Water and soil samples from all the three mines were collected for analysis. Special coating was applied in three pipes and commissioned in mines for performance. Evaluation of the coated pipelines is under progress.
- d) In the project ‘Reclamation of Slag Dump areas in Mine-II suitable for development of Green Cover’ based on the preliminary investigation, amendments were prepared and recommended to plant the tree species in the slag dumped area. The conclusions from the study are as follows:
- The trial area is highly acidic and hence needed soil amendments.
  - After treatment with soil amendments pH, EC, N, P, K levels have improved.
  - No mortality of plants was noticed. All the plants are not affected by soil/sub-soil water in-pit method and are growing normally i.e., the treatment and amendments given were effective.
- e) In the joint research project ‘Laboratory study on the stabilisation of haul roads inside open cast mines’ with Indian Institute of Technology, Hyderabad (IITH), the soil and fly ash samples were characterized and suitable chemical additive have been identified.
- f) Under the project “Delineating of buried sub-surface objects, hard bands in open-cast mines” Geo Physical Radar Investigation has been carried out at Neyveli Mines to identify the buried materials such as concrete pedestals / foundations and other extremely hard ferruginous, siliceous sandstone, marcasite occurring sporadically as veins, which pose a threat to the Bucket Wheel teeth. So far 402450 Sq.meters have been completed. Advance Geo-scientific communication system for forecasting the buried objects has been installed at BWE 1355 at Mine-I. Data processing and validation works are in progress.
- g) Feasibility study on suitability of Neyveli lignite for upgrading and to use as fuel in ultra supercritical boilers is being carried out jointly by NLC and KSL, Japan. By up-gradation of Lignite, the moisture contents would get reduced and the calorific value would get increased. The UBC also reduces the auxiliary power consumption in power plants and reduces CO<sub>2</sub> emission and improves the efficiency of the power plant. It is proposed to undertake a feasibility study for “Setting up a UBC based Pilot Power Generation in Neyveli”.
- h) M/s. Environmental Clean Technologies Ltd, Australia, M/s. National Mineral Development Corporation and NLC have undertaken a feasibility study for setting up of a small pilot scale study for producing composite pellets from Neyveli lignite and iron ore through MATMOR Process. It is proposed to conduct a feasibility study to set up the above integrated pilot project at Neyveli.
- i) It is proposed to undertake a study for conversion of lignite to diesel for which discussions were held with many firms to conduct a feasibility study.

**ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

- a) Eight licenses have been issued so far through M/s. NRDC to commercialise the patented process of potassium humate production from lignite.
- b) Due to the specialised coating developed under R&D, the life of the track carriages in Specialised Mining Equipment (SME) is expected to increase.
- c) Under the "Delineation of buried sub-surface objects" project the buried objects are identified in advance by using Ground Penetrating Radar (GPR) investigation which helps in reduction in the consumption of Bucket Wheel teeth and explosives.
- d) By the project "Reclamation of slag dump" suitable reclamation technique for slag dump has been developed and recommended to slag affected Mine-II area.
- e) The pilot plant for separation of iron, sand and carbon from bottom slag has been successfully commissioned. It is observed from the study on processing 1 tonne of slag about 38 % of Magnetic Iron, 51 % of Sand, and 2.3 % of Carbon can be obtained with a loss of about 9 %. Through this process waste can be utilised as wealth.

**iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year) :**

NIL

**iv) The expenditure incurred on Research and Development is ₹ 13.82 crore**

**v) Foreign Exchange earnings and outgo**

Foreign Exchange inflow : NIL

Foreign Exchange outflow : ₹ 44.90 crore

for and on behalf of the Board of Directors

**Place : Chennai**  
**Date : 04.08.2016**

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Annexure-3**

## **Management Discussion and Analysis**

### **Industry Structure and Development**

#### **Power**

Our Country is witnessing a surge in economic growth in the recent years, thanks to the sustained efforts of the Government. The 'Make in India' initiative of the Government is aimed to transform India as a global manufacturing hub. Further, the Government of India is also keen on creating a conducive environment for doing business in India with ease so as to attract more Foreign Direct Investment. According to IMF World Economic Outlook Update (January 2016), the Indian economy is expected to grow at 7 to 7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey, 2015-16 had forecast that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

All these efforts of the Government would definitely lead to increased demand for the electric power. In order to meet the same, the Government of India has devised ambitious development targets and plans to address such binding infrastructure constraints in a decisive manner. Sustaining economic growth at 8-10% per annum in the next two decades will require massive increase in power generation. Establishment of an efficient power generation and distribution system is a significant long-term challenge to achieve the desired growth. The availability of reliable, quality and affordable power can ensure growth of all sectors of economy including agricultural, industrial and others. Renewable energy is increasingly becoming an important source of the energy mix-meeting the twin objectives of energy security and clean energy considerations.

#### **Demand and Production**

The Central Electricity Authority (CEA) has reported that India's per capita power consumption is among the lowest in the world. The 18<sup>th</sup> Electricity Power Survey (EPS) projected a per capita electricity consumption of 1500 kWh by 2020-21 which is currently in the order of 957 kWh.

During XII Plan period, till March 2016, India witnessed a capacity addition of 84.99 GW against the planned capacity addition of 88.54 GW achieving 96% of the target which includes 23.98 GW added in the year 2015-16 taking the total installed capacity to 298.06 GW. Country's actual generation during the year 2015-16 was 1107385.75 MU. Against a peak demand of 1,114,235 MU, the peak met was 1,090,713 leaving a deficit of 23,522 MU which is 2.1% (Source: CEA).

#### **Coal and Lignite**

Fossil fuels remain the dominant source of energy powering the global economy, providing around 60% of the growth in energy and accounting for almost 80% of total energy supply in 2035. Among non-fossil fuels, renewables (including bio-fuels) grow rapidly (6.6% p.a.), causing their share in primary energy to rise from around 3% today to 9% by 2035.

Coal, Oil and Gas are the primary commercial energy sources with coal being the largest source of energy in India. About 70% of the coal reserves of the country are from the States of Odisha, Jharkhand and Chhattisgarh. Coal also produced from mines available in the States of Andhra Pradesh, Madhya Pradesh, Maharashtra, Paschim Banga and Bihar. The most abundant fossil fuel of India, the coal, continues to be the dominant fuel for electricity generation meeting two third of the total capacity.

## Coal Reserves

The details of State-wise resources of coal as on 01.04.2015 are as under :

(in Million tonnes)

Sl. No.	State	Proved (MT)	Indicated (MT)	Inferred (MT)	Total (MT)	% to Total
1.	Paschim Banga	13518	13010	4907	31435	10.25
2.	Jharkhand	41463	33026	6559	81048	26.43
3.	Bihar	0	0	160	160	0.05
4.	Madhya Pradesh	10411	12784	3341	26536	8.66
5.	Chhattisgarh	18237	34390	2285	54912	17.91
6.	Uttar Pradesh	884	178	0	1062	0.35
7.	Maharashtra	5953	3190	2110	11253	3.67
8.	Odisha	30747	36545	8507	75799	24.72
9.	Andhra Pradesh	0	1149	432	1581	0.52
10.	Telangana	9807	8808	2597	21212	6.92
11.	Assam	465	47	3	515	0.17
12.	Sikkim	0	58	43	101	0.03
13.	Arunachal Pradesh	31	40	19	90	0.03
14.	Meghalaya	89	17	471	576	0.19
15.	Nagaland	9	0	307	316	0.10
	<b>Total</b>	<b>131614</b>	<b>143242</b>	<b>31741</b>	<b>306596</b>	<b>100.00</b>

(Source: Coal Inventory-2015 - Geological Survey of India)

## Demand and Production

In commensuration with the development in the industrial front and also in the domestic sector particularly the rise in the living standards, reliable and affordable access to electricity in requisite quantities have become a critical imperative for sustainable and inclusive growth. With a share of 58.3% of India's total installed generation capacity, coal is the single most important fuel in domestic electricity generation. During the XII Planning period, thermal power plants are expected to require 842 MT of coal, against an estimated domestic availability of 604 MT. Domestic coal availability is challenged by a number of issues including bottlenecks in capacity expansion, coal block allocation, tribal land acquisition and environmental and forest clearances.

## Lignite

### Lignite Reserves

Major part of the lignite produced in the country is used for power generation and the demand for lignite is mainly dependent on existing and proposed thermal power stations. As per the Report of the Working group on Coal & Lignite for formulation of XII Plans, the Projected Demand of lignite at the terminal year of XII Plan (2016-17) is 68.60 MT. The actual production achieved during 2015-16 was 43.93 MT.

The projected capacity of lignite based power stations at the end of XII Plan is 7491 MW against which the capacity of 6063 MW was achieved till March 2016.

In India, lignite deposits are confined in the States of Tamil Nadu, Gujarat, Rajasthan, Puducherry, Jammu & Kashmir and Kerala.

The details of State-wise resources of lignite as on 01.04.2016 are as under :

(in Million tonnes)

Sl. No.	State	Proved (MT)	Indicated (MT)	Inferred (MT)	Total (MT)	% to Total
1.	Puducherry	0.00	405.61	11.00	416.61	0.93
2.	Tamilnadu	4093.53	22632.87	8953.53	35679.93	80.01
3.	Rajasthan	1168.53	2670.84	1896.59	5735.97	12.86
4.	Gujarat	1278.65	283.70	1159.70	2722.05	6.10
5.	Jammu & Kashmir	0.00	20.25	7.30	27.55	0.06
6.	Kerala	0.00	0.00	9.65	9.65	0.02
7.	Paschim Banga	0.00	1.13	1.64	2.77	0.01
	<b>Grand Total</b>	<b>6540.71</b>	<b>26014.40</b>	<b>12039.42</b>	<b>44594.53</b>	<b>100.00</b>

## Demand and Production

At present only a small percentage of the total reserves of lignite have been exploited. Immediate steps are needed to augment lignite production considering the availability of large reserves of lignite in the country. The technology issues for efficient utilisation of lignite reserves needs to be addressed. Working Group on power for XII Plan projected a lignite demand of 205.97 MT with an anticipated production of 209.23 MT in the above regions.

## Initiatives towards Clean Coal Technology

As a part of initiatives towards implementing Clean Coal Technology (CCT) projects, your Company has entered into a MoU with M/s. Kobe Steel Limited Japan, to undertake a study on “Up-gradation of Brown Coal” (UBC) through a process involving removal of moisture from lignite and to upgrade the lignite into a high calorific value product having reduced CO<sub>2</sub> emission.

## Underground Coal Gasification (UCG)

For developing UCG projects in India, your Company has signed a MoU with ONGC for carrying out preliminary studies in some of the lignite blocks located in Rajasthan & Gujarat and to assess the suitability of UCG. Recently, on the direction of MoC, your Company has identified some more lignite blocks for UCG in the States of Rajasthan and Gujarat.

Your Company is also interested to develop UCG project through a developer agency to harness the syngas in the deep seated lignite after getting the UCG lignite block allocation.

## Strength

- Availability of lignite and water for power generation.
- Expertise in operation & maintenance in open-cast mining, power generation.
- Harmonious industrial relations.
- Pioneering position in open-cast lignite mining with SME technology and lignite fired power station.
- Highest domestic credit rating.

## Weakness

- Mines moving towards higher stripping ratio and consequent increase in cost of mining.
- Necessity of pumping of water below the lignite seam for safe mining leading to higher cost of production.



## Opportunities and Threats

### Opportunities

- Government of India's commitment to improve the quality of life of its citizens through higher electricity consumption.
- GOI aims to provide each household access to electricity, round the clock and improve the quality of life of people through 24x7 power supply.
- Rise in the per-capita consumption of power.
- Launch of 100 smart cities mission by GOI.

### Threats

- Resistance to land acquisition, demand for enhanced compensation, demand for employment.
- Higher cost for rehabilitation & resettlement measures for land evictees.
- Extreme mining conditions resulting from hydro geological, geo-technical and other conditions.
- Delay in commissioning of new projects.

## Segment-wise performance

Covered in the main report.

### Outlook

The future is filled with both exciting opportunities & gruelling challenges. While the demand for energy is increasing on one hand the energy industry is compelled to concentrate on reducing global emissions on the other hand. This has made energy optimisation an important issue.

Keeping this in mind, your Company has carved its corporate plan envisaging to add renewable energy installations in its portfolio and has also embraced new business opportunities by diversifying its operations & enhancing competitiveness to realise its long term vision. Creating new business avenues and maximizing the utilisation of available infrastructure will be the key to future growth and stakeholders' wealth enhancement.

To keep pace with the increased power demand and to manage both social and environmental externalities, your Company has now diversified in to Coal Mining, Coal based power generation and Green Energy.

Your Company is presently operating four lignite Mines, three at Neyveli in the State of Tamil Nadu and one at Barsingsar in the State of Rajasthan with a total installed capacity of 30.60 MTPA. Besides Bithnok lignite mines (2.25 MTPA), Hadla lignite mines (1.9 MTPA), Barsingsar Expansion (0.40 MTPA) and Expansion of Mine-IA (4.0 MTPA) are also under implementation. In addition to the above, augmentation of Mine-II by 3.75 MTPA and setting up of Mine-III of 9.0 MTPA capacities as fuel linkage to the second expansion of TPS-II are in pipeline. Your Company has also plans to develop a lignite mine of 5.0 MTPA at Jayamkondam, Tamil Nadu. With all the above Projects, the lignite mining capacity of your Company at the end of the year 2022 would increase to 56.9 MTPA.

Regarding coal mining, as stated earlier, Talabira II & III coal mine of capacity 20.5 MTPA in the State of Odisha has been allotted in favour of your Company while the Pachwara South Block with a capacity of 11.0 MTPA has been allotted to NUPPL, Subsidiary Company. The above two projects aggregate to a coal mining capacity of 31.5 MTPA at the end of the year 2022.

In the power sector, with the commissioning of TPS-II expansion in June 2015, your Company is presently operating five Thermal Power Stations, four at Neyveli and one at Barsingsar with a total installed capacity of 3240 MW and taking into account the wind power of 51 MW under construction & solar power generation of 10 MW, the total installed capacity would be 3301 MW. Your Company is presently implementing 1000 MW Neyveli New Thermal Power Project (replacement to the existing TPS-I of 600 MW capacity), 250 MW Barsingsar Extension TPS, and 250 MW Bithnok TPS besides Solar Power Project of 130 MW each in Neyveli and Barsingsar. With all these Projects presently under implementation, the total power generating capacity would reach to 4461 MW.

Other power generation capacity building plans of your Company over a period of next 10 years include setting up of 1000 MW TPS-II Second Expn., Project, Jayamkondam Power Project of 500 MW, coal based power generation of 3960 MW in Sirkali, in phases, acquisition of power assets of 3000 MW, further green energy projects such as solar and wind based power generation projects including 51 MW Solar Project at Andaman and Nicobar Islands aggregating to 3930 MW. All these projects would increase the power generating capacity of your Company to 16851 MW by the end of the year 2025 and taking into account the generation capacity of your Subsidiaries viz., NTPL (1000 MW) & NUPPL (1980 MW), the total power generating capacity would be 19831 MW.

### **Risks and Concerns**

- Resistance to acquisition of land for mining and power projects and demand for employment by project affected persons.
- New Land acquisition Act.
- Financial health of major Contractors / Vendors and suppliers.
- Stringent norms prescribed by regulatory authority affecting power tariff.
- Increasing Overburden Ratio affecting economics of mining operations.
- Pressure to regularise contract workers leading to higher manpower costs.
- Fewer responses to tenders for large contracts impacting competitiveness.
- Force majeure events such as floods, earthquakes, cyclones etc.
- Competition consequent to de-regulation of Indian power sector.
- Delay in implementation of projects.
- Restricted availability of water for power plants.
- Surrendering of power and capacity by beneficiaries.

### **Internal control systems and their adequacy**

The Company has well-established internal control systems and procedures commensurate with its size and the nature of business with an approved and well laid out delegation of authority, Purchase & Contracts and Personnel Manuals. The internal audit is conducted by five external firms of Chartered Accountants covering all the offices/units and their reports are periodically reviewed by the Audit Committee. Audit Committee periodically interacts with Internal and Statutory Auditors to assess the adequacy of internal control systems and also supervises the financial reporting process through review of periodical financial Statements. Further, the accounts of the Company are subject to C&AG audit in addition to the propriety audit conducted by them.

**Discussion on financial performance with respect to operational performance**

Covered in the main report.

**Material developments in Human Resources/Industrial Relations front, including number of people employed**

Covered in the main report.

**Cautionary Statement**

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

for and on behalf of the Board of Directors

**Place : Chennai**  
**Date : 04.08.2016**

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

## Annexure-4

# Report on Corporate Governance

## Mandatory Requirements

### Company's Philosophy on Code of Governance

Transparency, accountability and integrity are the main ingredients of a good Corporate Governance. Your Company as a Corporate Citizen, believes in adhering to the highest standards of Corporate Governance.

## Board of Directors

### Composition

As on 31<sup>st</sup> March, 2016, the Board of Directors of your Company comprised an Executive Chairman, four Executive Directors and two Non-executive Directors and three Independent Directors.

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

Sl. No.	Name (Sarvashri/Smt.)	Designation	Other Directorships held as on 31.03.2016	Other Committee* Memberships held as on 31.03.2016	
				As Member	As Chairman
Executive Directors					
1	Sarat Kumar Acharya	Chairman and Managing Director	2	-	-
2	Rakesh Kumar	Director (Finance)	2	-	2
3	Subir Das	Director (Mines)	1	-	-
4	V. Thangapandian	Director (Power)	2	2	-
5	P. Selvakumar	Director (Planning & Projects)	1	1	-
Non-Executive Directors					
6	Sujata Prasad	Joint Secretary and Financial Advisor to Government of India, Ministry of Coal - Part-time official Director	4	2	-
7	N.S. Palaniappan	Additional Chief Secretary to the Govt. of Tamil Nadu, Energy Department - Part-time official Director	3	-	-
8	Chandra Prakash Singh	Part-time Non-official Director	-	-	-
9	Azad Singh Toor	Part-time Non-official Director	-	-	-
10	K. Madhavan Nair	Part-time Non-official Director	-	-	-

\* Audit Committee and Stakeholders Relationship Committee.

## Dates of Board Meetings & Directors' Attendance

During the financial year 2015-16, 9 meetings of the Board of Directors were held on the following dates:

29<sup>th</sup> May, 2015, 23<sup>rd</sup> June, 2015, 7<sup>th</sup> August, 2015, 27<sup>th</sup> August, 2015, 29<sup>th</sup> September, 2015, 4<sup>th</sup> November, 2015, 17<sup>th</sup> December, 2015, 27<sup>th</sup> January, 2016 and 25<sup>th</sup> February, 2016.

The details of attendance of Directors at the Board Meetings held during the financial year 2015-16, are as under:

Name (Sarvashri/Smt.)	No. of meetings attended out of 9 held	Remarks
Sarat Kumar Acharya	9	
Rakesh Kumar	9	
Subir Das	9	
V. Thangapandian	5	Appointed w.e.f. 01.09.2015
P. Selvakumar	2	Appointed w.e.f. 01.01.2016
Sujata Prasad	6	Appointed w.e.f. 11.06.2015
N.S. Palaniappan	-	Appointed w.e.f. 23.12.2015
Chandra Prakash Singh	2	Appointed w.e.f. 17.11.2015
Azad Singh Toor	2	Appointed w.e.f. 03.12.2015
K. Madhavan Nair	2	Appointed w.e.f. 11.12.2015
B. Surender Mohan	5	Relinquished on 30.09.2015
S. Rajagopal	4	Relinquished on 31.08.2015
S. Boopathy	6	Relinquished on 31.12.2015
Rajesh Lakhoni	1	Relinquished on 11.12.2015
Dr. A.K. Dubey	-	Relinquished on 11.06.2015
C.V. Sankar	1	Relinquished on 29.06.2015

## Annual General Meeting

Shri. B. Surender Mohan, former CMD, Smt. Sujata Prasad, Shri. Sarat Kumar Acharya, Shri. Rakesh Kumar, Shri. Subir Das, Shri. V. Thangapandian, Directors and Shri. S. Boopathy (former Director/P&P) attended the last AGM held on 16<sup>th</sup> September, 2015.

## Disclosures - Relationship between Directors inter-se

None of the Directors/Key Managerial Personnel of the Company were inter-se related as on 31.03.2016.

## Details of Shares held by Non-executive Directors

As per the declarations received, none of the Non-executive Directors are holding any equity shares in the Company.

## Web-link of Familiarisation Programme imparted to Independent Directors

Familiarization programmes to Independent Directors is available at  
[https://www.nlcindia.com/investor/familiarisation\\_programme\\_indpnt\\_dir.pdf](https://www.nlcindia.com/investor/familiarisation_programme_indpnt_dir.pdf)

## Audit Committee

### (i) Terms of reference

The terms of reference conform to the requirements of the provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.



**(ii) Composition, Names of Members and Chairman**

Till the induction of Independent Directors on the Board as stated earlier, the Audit Committee was comprising of Non-Executive/Executive Directors as its Chairman/Members. The Committee was reconstituted in terms of the requirements of Listing Regulations and the composition as on 31.03.2016 comprised of Shri. K. Madhavan Nair, Director as its Chairman and Shri. Azad Singh Toor & Shri. Subir Das, Directors as its Members.

**(iii) Meetings and Attendance**

The details of meetings and attendance of members for the Audit Committee meetings held during the year 2015-16 are as under:

Name (Sarvashri/Smt.)	No. of Meetings held during the period of office	No. of meetings attended
Sarat Kumar Acharya	4	4
S. Rajagopal	3	3
S. Boopathy	5	5
Sujata Prasad	4	2
V. Thangapandian	3	3
Subir Das	2	2
P. Selvakumar	1	1

**Nomination and Remuneration Committee**
**(i) Terms of reference**

The appointment of Executive Directors including the Chairman and Managing Director is contractual in nature and the remuneration is paid to them as per the terms of their appointment made by the Government of India. The remuneration of Part-time Official Directors is governed by their respective Government rules. Sitting fees are paid to Independent Directors. However, for finalising the Performance Related Pay (PRP) for Executive Directors, Executives and Non-unionised Supervisors, as required under the DPE guidelines, the Board had earlier constituted the Remuneration Committee and the said Committee has been renamed as "Nomination and Remuneration Committee" in terms of the provisions of the Companies Act, 2013 and SEBI Listing Regulations with the terms of reference limited to below Board Level employees only and as per DPE Guidelines for payment of PRP.

Being a Government Company, the remuneration of board level Directors is fixed by the Government, the appointing authority. In respect of Executives and Supervisors, the same is fixed as per the guidelines issued by Department of Public Enterprises and in respect of workmen as per the settlement reached with the recognised unions under the Industrial Disputes Act.

**(ii) Composition, Name of Members and Chairman**

The composition of the Committee, as on 31.03.2016 comprised of Shri. Azad Singh Toor, Director as its Chairman, Sarvashri. Chandra Prakash Singh and N.S. Palaniappan, Directors, as its Members and Director (Human Resource) and Director (Finance) as permanent invitees. The Committee met once on 3<sup>rd</sup> March, 2016 and all the Members except Shri. N.S. Palaniappan attended the meeting.

## Remuneration of Directors

No remuneration is being paid to Part-time Official Directors. Part-time Non-official Directors (Independent Directors) are being paid sitting fee @ ₹ 20,000/- for attending the meetings of the Board and @ ₹ 15,000/- for the meetings of the Sub-committees thereof. Hence, no separate criteria is adopted for the payments as stated above.

## Remuneration Details

The details of remuneration paid to the following Executive Directors during the year 2015-16 are as under:

Sl. No.	Name of the Director (Sarvashri)	Salary for the year (₹)	Benefits (₹)	Performance Related Pay (PRP) (₹)*
1.	Sarat Kumar Acharya	26,33,183	5,93,878	15,36,161
2.	Rakesh Kumar	25,21,531	5,29,285	16,55,187
3.	Subir Das	23,33,678	4,78,430	3,20,527
4.	V. Thangapandian	14,40,446	3,30,242	0**
5.	P. Selvakumar	5,85,688	3,28,621	0**

\* PRP for the year 2013-14 & 2014-15.

\*\* Note: For Sl. No. 4 & 5 - since joined as a Director subsequent to the year 2014-15, no PRP was paid.

The service contract/ notice period/ severance fee etc., for the above Directors are as per the terms of appointment made by the Government of India. During the year 2015-16, no bonus/ commission was paid and no Stock Options were issued to the Directors.

The details of sitting fees paid to Independent Directors during the year 2015-16 are as under:

Sl. No.	Name of the Director (Sarvashri)	Sitting fee paid for (₹)	
		Board Meetings	Committee Meetings
1.	Chandra Prakash Singh	40,000	15,000
2.	Azad Singh Toor	40,000	15,000
3.	K. Madhavan Nair	40,000	—

## Stakeholders Relationship Committee

The composition of the Committee as on 31.03.2016 comprised of Smt. Sujata Prasad, Director as its Chairperson, Sarvashri. Rakesh Kumar and V. Thangapandian, Directors as its Members, look into the redressal of Stakeholders/Investors grievance and review the action taken by the Company.

Shri. K. Viswanath, Company Secretary is the Compliance Officer.

M/s. Integrated Enterprises (India) Ltd., Chennai, is the Share Transfer Agent and the Depository Registrar (STA & DR) of the Company and they co-ordinate with NSDL & CDSL, the Depositories and attend to Investors' complaints besides the Company. The activities of the STA & DR are under the supervision of the Compliance Officer. The complaints received from shareholders are monitored regularly and redressal action is taken immediately.

During the year 2015-16, 134 complaints were received from the shareholders/investors, generally pertaining to non-receipt of dividend and Annual Report. As per the report received from the Share Transfer Agent, there were 3 complaints pending for redressal as on 31.03.2016 and the same has been redressed during the month of April 2016.

## General Body Meetings

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

Year	Date & Time	Venue
AGM 2012-13	06.09.2013 11.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai-600 018.
AGM 2013-14	24.09.2014 15.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai-600 018.
AGM 2014-15	16.09.2015 15.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai-600 018.

## Special Resolutions

No special resolution was passed in the previous three Annual General Meetings.

## Postal Ballot

No special resolution was passed through the Postal Ballot during the year 2015-16. Any decision for the matters requiring approval of shareholders through postal ballot system will be obtained as prescribed in the Companies Act, 2013.

## Means of Communication

The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The quarterly financial results are generally published in Business Line and Dinamani (Tamil) while the annual financial results are generally published in the The Hindu, Business Line, The Economic Times, The Financial Express, Business Standard, New Indian Express (Tamil Nadu) and Deccan Chronicle. The financial results are also made available in the Company's website-www.nlcindia.com and in the website of NSE & BSE. The Company's official news releases, all the events/information as per the provisions of SEBI Listing Regulations are being displayed on the web-site of the Company.

## General Shareholder Information

**AGM : Date, day, time and venue :** 15<sup>th</sup> September 2016, Thursday, 14.30 hours  
 Kamaraj Arangam, 492, Anna Salai, Teynampet,  
 Chennai - 600 006.

## Financial Calendar for the year 2016-17

Results for the quarter ending 30 <sup>th</sup> June, 30 <sup>th</sup> September, 31 <sup>st</sup> December	Within 45 days from the end of the quarter or such period as permitted by the regulatory authority.
Audited Yearly results	Within 60 days from the end of the financial year or such period as permitted by the regulatory authority.

### Dividend Payment Date

The Final Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

### Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges upto the year 2016-17. The address of the Stock Exchanges and the Stock Codes are as below:

Name and Address of the Stock Exchanges	Stock Code
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	513683
National Stock Exchange of India Limited, Exchange Plaza, Plot No.C-1, Block-G, Bandra Kurla Complex, Bandra East, Mumbai - 400 051.	NLCINDIA

### Stock Market Data

The monthly high and low market price of the Company's shares during each month in 2015-16 as quoted at the Bombay Stock Exchange & National Stock Exchange and its comparative performance with the broad base BSE Sensex & NIFTY during the same period were as under:

Month	Share Price (BSE) (₹)		Share Price (NSE) (₹)		BSE SENSEX		NIFTY	
	High	Low	High	Low	High	Low	High	Low
April 2015	79.40	69.60	79.40	69.15	29091.51	26897.54	8844.80	8144.75
May 2015	77.75	69.20	77.95	70.55	28071.16	26423.99	8489.55	7997.15
June 2015	87.95	75.25	87.65	75.20	27968.75	26307.07	8467.15	7940.30
July 2015	89.00	80.55	88.95	80.50	28578.33	27416.39	8654.75	8315.40
Aug. 2015	94.25	69.50	94.50	69.15	28417.59	25298.42	8621.55	7667.25
Sep. 2015	76.50	70.40	76.50	70.25	26471.82	24833.54	8055.00	7539.50
Oct. 2015	83.65	71.80	83.90	72.55	27618.14	26168.71	8336.30	7930.65
Nov. 2015	85.50	77.55	85.50	77.00	26824.30	25451.42	8116.10	7714.15
Dec. 2015	87.35	78.10	87.85	78.25	26256.42	24867.73	7979.30	7551.05
Jan. 2016	84.75	71.10	84.80	71.00	26197.27	23839.76	7972.55	7241.50
Feb. 2016	75.90	64.05	76.25	64.00	25002.32	22494.61	7600.45	6825.80
March 2016	78.80	60.35	78.60	60.05	25479.62	23133.18	7777.60	7035.10

### Depository Registrar and Share Transfer Agent

M/s.Integrated Enterprises (India) Ltd., is the Depository Registrar and Share Transfer Agent for the Company. The details of their address, contact numbers are as under:

Address: II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017.  
 Tel.No.:044-28140801-03 Fax No.:044-28142479 E-mail id: corpserve@integratedindia.in

## Share Transfer System

M/s. Integrated Enterprises (India) Ltd., Chennai attend to transfers/ transmission requests lodged with the Company. The Share Transfer requests lodged with the Company are processed by the Company's Share Transfer Agent and approved by the sub-committee for Investor Servicing Constituted with Senior Officers of the Company, which meets depending upon the requirement. As reported by the STA & DR, all share transfers received upto 31<sup>st</sup> March, 2016 have been processed.

## Shareholding Pattern

The Shareholding Pattern of the Equity Share Capital of the Company as on 31<sup>st</sup> March, 2016 is as under:

Sl. No.	Category	No. of Shares	% to total
1.	President of India	1509938640	90.00
2.	Financial Institution-State Government	59701260	3.56
3.	Financial Institutions / Banks	62148379	3.70
4.	Insurance Companies	15976902	0.95
5.	Mutual Funds/ UTI	1479916	0.09
6.	NBFC registered with RBI	15200	0.00
7.	Bodies Corporate	2422882	0.15
8.	Foreign Institutional Investors	978643	0.06
9.	Foreign Portfolio Investors	1261656	0.08
10.	Foreign Portfolio Investors-Corporate-3	456177	0.03
11.	NRI	1140143	0.07
12.	Public	22038497	1.31
13.	Clearing Members	67920	0.00
14.	Others	83385	0.00
	<b>Total</b>	<b>1677709600</b>	<b>100.00</b>

## Distribution of Shareholding as on 31.03.2016

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of shares	Percentage of shareholding
1 - 500	83477	92.43	10696433	0.64
501 - 1000	3843	4.26	3156554	0.19
1001 - 2000	1604	1.78	2474976	0.15
2001 - 3000	489	0.54	1278638	0.08
3001 - 4000	250	0.28	905835	0.05
4001 - 5000	187	0.21	884063	0.05
5001 - 10000	254	0.28	1853976	0.11
10001 and above	200	0.22	1656459125	98.73
<b>Total</b>	<b>90304</b>	<b>100.00</b>	<b>1677709600</b>	<b>100.00</b>



### **Dematerialisation of shares and liquidity**

The equity shares of the Company are compulsorily traded in dematerialised form as per the notification issued by SEBI. As on 31<sup>st</sup> March, 2016, equity shares numbering to 167,50,70,715 (99.84%) have been dematerialised by the shareholders. The Company's equity shares are actively traded on the Stock Exchanges.

### **Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity**

No GDRs/ADRs/Warrants or any convertible instruments have been issued by the Company and hence there would not be any impact on the equity.

### **Commodity price risk/foreign exchange risk and hedging activities**

For the financial year 2015-16: Not applicable. As per CERC Norms, Foreign Exchange Variation is a pass through item in the Tariff fixation and hence, hedging of Foreign Exchange Risk is not done.

### **Plant locations**

Mine-I (including Expansion), Mine-IA, Mine II (including Expansion), TPS-I, TPS-I Expansion, TPS-II and TPS-II Expansion are located at Neyveli in Cuddalore District in the State of Tamilnadu. Barsingsar Mine and Thermal Power Plant are located in Bikaner District in the State of Rajasthan. Neyveli New Thermal Power Station is presently under construction at Neyveli. A Thermal Power Plant of the Subsidiary Company (NTPL) is at Tuticorin, in the State of Tamilnadu. A Thermal Power Plant will be set up in Ghatampur in the State of Uttar Pradesh and a Coal Mine at Pachwara South, in the State of Jharkhand, will be developed by NUPPL, the Subsidiary Company, on obtaining the sanction of GOI. 10MW Solar Power Plant is located at Neyveli in Tamil Nadu and 51MW Wind Power Project is located at Kazhuneerkulam, Tirunelveli district in Tamil Nadu. 130 MW Solar Power Plant, one each at Neyveli in Tamil Nadu and at Barsingsar in Rajasthan are being set up. Talabira-II & III coal blocks at Sambalpur in the State of Odisha is under development.

### **Address for correspondence**

Shareholders/Investors may send their correspondence to the Company Secretary either to the Registered Office at First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai-600 031 (Tel. No. 044-28364613/14/20) or to the Corporate Office, Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu (Tel.No. 04142-252205). Shareholders may also send their communication electronically to [investors@nlcindia.com](mailto:investors@nlcindia.com).

The investors may also communicate to M/s.Integrated Enterprises (India) Ltd., the Depository Registrar & Share Transfer Agent for redressal of their grievance, if any.

### **Other Disclosures**

- (i) The policies on related party transactions and 'material subsidiaries' are available at <http://www.nlcindia.com/investor/RPTnew.pdf> & <http://www.nlcindia.com/investor/SUBSIDIARY-POLICY.pdf>.

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

- (ii) During the year the stock exchanges had imposed a fine of Rs.50,000/- for not appointing a woman Director on the Board of the Company within the stipulated period. The Company being a Government Company, the power to appoint Directors on the Board of the Company vests with the President of India. The matter relating to the above imposition of fine has been referred to the Ministry of Coal. No other penalties/strictures have been imposed on the Company by the Stock Exchanges or by SEBI on any matters relating to capital markets during the last 3 years.
- (iii) The Company has formulated Whistle Blower Policy. It is affirmed that no personnel have been denied access to the audit committee.

- (iv) Disclosure of commodity price risks and commodity hedging activities:

For the financial year 2015-16, Commodity Price Risk and Commodity Hedging Activity : Not applicable.

- (v) Details of administrative, office and financial expenses for the year under review and for the previous year are available in the annual accounts. No Presidential Directive was received during the year and also in the last three years.

**As regards adopting discretionary requirements, the following are stated**

**The Board**

The requirement of maintenance of an office for the Non-executive Chairman and the reimbursement of expenses to him are not applicable to the Company presently as the Company has an Executive Chairman.

**Shareholder Rights**

The Company's financial results are published in English National newspapers having wide circulation all over India and also in a vernacular newspaper having a wide circulation in the State of Tamil Nadu and hence the financial results are not being sent individually to the shareholders. Further, as required under the Listing Regulations, the results of the Company are also furnished immediately to the Stock Exchanges and also uploaded in the Company's web site [www.nlcindia.com](http://www.nlcindia.com) for the information of shareholders and other investors. All significant events and information about the Company are uploaded in the Company's web-site and also in the website of NSE & BSE.

**Modified opinion(s) in audit report**

It is always the Company's endeavour to present unqualified financial statements. The Audit Report for the year 2015-16 does not contain any audit qualifications.

**Separate posts of Chairman and CEO**

The Composition of Board of Directors of the Company is approved by the Government of India. In case of PSUs, the major owner is the Government of India. The CMD as CEO of the Company implements the decisions of the Board of Directors through a team of Functional Directors and the function of CMD is subject to superintendence and control of the Board of Directors of the Company.

**Reporting of Internal Auditor**

The internal audit is being done by external firms of Chartered Accountants. Internal Audit reports containing periodical reports includes significant findings, if any, and the same is reviewed by the Audit Committee periodically. The Internal Auditors of the Company are generally invited to the meetings of Audit Committee.

**Compliance**

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

**Declaration - Code of Conduct**

As required under the Listing regulations, 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 by the Chairman and Managing Director is reproduced below:

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

for and on behalf of the Board of Directors

Place : Chennai  
Date : 04.08.2016

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Annexure-5**

**M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants,  
14/27, Cathedral Garden Road,  
Nungambakkam,  
Chennai - 600 034.

**M/s. CHANDRAN & RAMAN,**  
Chartered Accountants,  
Paragon No. 2, Dr. Radhakrishnan Salai,  
2<sup>nd</sup> Street, Mylapore,  
Chennai – 600 004.

**CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members,

M/s. Neyveli Lignite Corporation Limited,

1. We have examined the compliance of conditions of Corporate Governance by Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March 2016 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises (DPE).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Regulations and the Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in DPE guidelines except for the following:
  - a. **As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and DPE Guidelines:**
    - i. the Board of Directors of the Company should have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board comprising of Non-Executive Directors. However, this has not been complied with till 22<sup>nd</sup> December 2015.
    - ii. the Board of Directors of the Company should have at least one-woman director. The same has not been complied with till 10<sup>th</sup> June 2015.
    - iii. where the listed entity does not have a regular non-executive Chairperson, atleast half of the Board should comprise of Independent Directors. However, this has not been complied with.
    - iv. two-third of the members of audit committee shall be independent directors. However, this has not been complied till 24<sup>th</sup> February 2016.
    - v. the Chairman of the Audit Committee shall be an independent director. However, this has not been complied with till 24<sup>th</sup> February 2016.
  - b. As per the requirements SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Nomination and Remuneration Committee should comprise of atleast three non-executive directors out of which at least 50% of the directors shall be independent directors. However, this has not been complied with till 24<sup>th</sup> February 2016.

- c. As per the requirements of DPE Guidelines on Corporate Governance, the Nomination and Remuneration Committee should comprise of at least three non-executive directors. However, this has not been complied with till 24<sup>th</sup> February 2016.
- d. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance, the Chairperson of the nomination and remuneration committee shall be an Independent Director. However the same has not been complied with till 24<sup>th</sup> February 2016.
- e. In the absence of Independent Directors on the Board, the related provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on quorum of Audit Committee meetings was not complied with in respect of meetings held before 24<sup>th</sup> February 2016.
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 **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

**Annexure-6**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March, 2016

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

**I. REGISTRATION AND OTHER DETAILS**

- i) CIN : L93090TN1956GOI003507
- ii) Registration Date : 14.11.1956
- iii) Name of the Company : NEYVELI LIGNITE CORPORATION LIMITED
- iv) Category / Sub-Category of the Company : Government Company
- v) Address of the Registered office and Contact details : Regd. Office: First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.  
Tel. No :044-28364613/14/20, Fax.No.:044-28364619
- vi) Whether listed Company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s.Integrated Enterprises (India) Ltd.,  
II Floor, 'Kences Towers',  
No.1, Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai 600 017. Tel.No.: 044-28140801-03  
Fax No.: 044-28142479  
E-mail id:corpserv@integratedindia.in

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

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Power	35102	93.67

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	NLC Tamilnadu Power Limited Regd.Office: No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.	U40102TN2005 GOI058050	Subsidiary Company	89	Section 2 (87) of the Companies Act, 2013
2.	Neyveli Uttar Pradesh Power Limited B-III/204, 2nd Floor, Eldeco Elegance Apartment, Gomti Nagar, Lucknow, Uttar Pradesh	U40300UP2012 GOI053569	Subsidiary Company	51	Section 2 (87) of the Companies Act, 2013
3.	MNH Shakti Limited Anand Vihar, PO. Jagruti Vihar, Burla, Sambalpur, Odisha	U10100OR2008 GOI010171	Associate Company	15	Section 2 (6) of the Companies Act, 2013



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

<b>(i) Category-wise shareholding</b>									
<b>Category of Shareholders</b>	<b>No. of Shares held at the beginning of the year (As on 01.04.2015)</b>				<b>No. of Shares held at the end of the year (As on 31.03.2016)</b>				<b>% Change during the year</b>
	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual	0	0	0	0	0	0	0	0	0
(b) Central Government	1509938640	0	1509938640	90	1509938640	0	1509938640	90	0
(c) State Government(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corporate	0	0	0	0	0	0	0	0	0
(e) Banks/FI	0	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	1509938640	0	1509938640	90	1509938640	0	1509938640	90	0
<b>(2) Foreign</b>									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2) :-	0	0	0	0	0	0	0	0	0
<b>Total share holding of Promoter (A) = (A)(1)+(A)(2)</b>	1509938640	0	1509938640	90	1509938640	0	1509938640	90	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	2130	48300	50430	0	1431616	48300	1479916	0.09	0.09
b) Banks / FI	1139395	2500	1141895	0.07	62145879	2500	62148379	3.71	3.64
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government(s)	59701260	0	59701260	3.56	59701260	0	59701260	3.56	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	78100770	0	78100770	4.66	15976902	0	15976902	0.95	-3.71
g) FIIs	1037745	0	1037745	0.06	978643	0	978643	0.06	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify) - Foreign Portfolio Investors	0	0	0	0	1717833	0	1717833	0.10	0.10
<b>Sub-total (B)(1)</b>	139981300	50800	140032100	8.35	141952133	50800	142002933	8.47	0.12

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

<b>(i) Category-wise shareholding</b>									
<b>Category of Shareholders</b>	<b>No. of Shares held at the beginning of the year (As on 01.04.2015)</b>				<b>No. of Shares held at the end of the year (As on 31.03.2016)</b>				<b>% change during the year</b>
	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	2808270	2500	2810770	0.17	2435582	2500	2438082	0.15	-0.02
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	17958470	2279250	20237720	1.21	17184935	2257085	19442020	1.16	-0.05
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2919087	52400	2971487	0.18	2530077	66400	2596477	0.15	-0.02
<b>c) Others (specify)</b>	0	0	0	0	0	0	0	0	0
Clearing Members	320204	0	320204	0.02	67920	0	67920	0	-0.02
Trusts	59379	0	59379	0	69983	0	69983	0	0
NRI	1061800	262100	1323900	0.08	878043	262100	1140143	0.07	-0.01
Limited Liability Partnership	14300	0	14300		12302	0	12302	0	0
Unclaimed Securities Suspense Account	1100	0	1100	0	1100	0	1100	0	0
<b>Sub-total (B)(2)</b>	<b>25142610</b>	<b>2596250</b>	<b>27738860</b>	<b>1.66</b>	<b>23179942</b>	<b>2588085</b>	<b>25768027</b>	<b>1.54</b>	<b>-0.12</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>165123910</b>	<b>2647050</b>	<b>167770960</b>	<b>10.00</b>	<b>165132075</b>	<b>2638885</b>	<b>167770960</b>	<b>10.00</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>1675062550</b>	<b>2647050</b>	<b>1677709600</b>	<b>100.00</b>	<b>1675070715</b>	<b>2638885</b>	<b>1677709600</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

<b>Sl.No.</b>	<b>Shareholder's Name</b>	<b>Shareholding at the beginning of the year (As on 01.04.2015)</b>			<b>Shareholding at the end of the year (As on 31.03.2016)</b>			
		<b>No. of shares</b>	<b>% of total shares of the Company</b>	<b>% of shares pledged/encumbered to total shares</b>	<b>No. of shares</b>	<b>% of total shares of the Company</b>	<b>% of shares pledged/encumbered to total shares</b>	<b>% change in shareholding during the year</b>
1.	President of India	1509938640	90	0	1509938640	90	0	0

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

<b>Sl. No.</b>		<b>Shareholding at the beginning of the year (As on 01.04.2015)</b>		<b>Cumulative shareholding during the year</b>	
		<b>No. of Shares</b>	<b>% of total shares of the Company</b>	<b>No. of shares</b>	<b>% of total shares of the Company</b>
	At the beginning of the year	1509938640	90		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NA - as there is no change in the shareholding during the year 2015-16			
	At the end of the year (as on 31.03.2016)	1509938640	90		

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

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year (As on 01.04.2015)		Date	Increase/Decrease in shareholding during the year	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	2	3	4	5	6	7	8	9
1	<b>Life Insurance Corporation of India</b>							
	At the beginning of the year	61317053	3.65		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	61317053	3.65					
2	<b>State Industries Promotion Corporation of Tamilnadu Ltd</b>							
	At the beginning of the year	26865567	1.60		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	26865567	1.60					
3	<b>Tamilnadu Industrial Development Corporation Limited</b>							
	At the beginning of the year	14925315	0.89		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	14925315	0.89					
4	<b>The New India Assurance Company Limited</b>							
	At the beginning of the year	7152585	0.43		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	7152585	0.43					
5	<b>The Tamilnadu Industrial Investment Corporation Limited</b>							
	At the beginning of the year	5970126	0.36		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	5970126	0.36					
6	<b>Tamilnadu Urban Finance &amp; Infrastructure Development Corporation Limited</b>							
	At the beginning of the year	5970126	0.36		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	5970126	0.36					

1	2	3	4	5	6	7	8	9
7	<b>Tamilnadu Power Finance and Infrastructure Development Corporation Limited</b>							
	At the beginning of the year	5970126	0.36		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	5970126	0.36					
8	<b>General Insurance Corporation of India Limited</b>							
	At the beginning of the year	4358593	0.26		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	4358593	0.26		0			
9	<b>United India Insurance Company Limited</b>							
	At the beginning of the year	3737822	0.22		0			
	Date wise Increase / Decrease in Share holding during the year			12.02.2016	-1108	Transfer	3736714	0.22
				19.02.2016	-57406	Transfer	3679308	0.21
				26.02.2016	-164504	Transfer	3514804	0.21
				04.03.2016	-92400	Transfer	3422404	0.20
				11.03.2016	-105046	Transfer	3317358	0.19
				15.03.2016	-36351	Transfer	3281007	0.19
	At the end of the year	3281007	0.19		0			
10	<b>The Oriental Insurance Company Limited</b>							
	At the beginning of the year	929305	0.06		0			
	Date wise Increase / Decrease in Share holding during the year	NA –as there is no change in the shareholding during the year 2015-16						
	At the end of the year	929305	0.06		0			

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

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 01.04.2015)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	0	0	0	0
2.	Date wise Increase / Decrease in Share holding during the year	Not Applicable			
3.	At the End of the year (as on 31.03.2016)	0	0	0	0

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**  
 (Amount in ₹)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (as on 01.04.2015)</b>				
i) Principal	26750000000	4893353496	-	31643353496
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	98702466	9175038	-	107877504
<b>Total Indebtedness (i+ii+iii)</b>	26848702466	4902528534	-	31751231000
(+) Addition	20950000000			
(-) Reduction	17598702466	233533395	-	
Net Change	3351297534	233533395	-	0
<b>Indebtedness as on 31.03.2016</b>				
i) Principal	30200000000	5199834564	-	35399834564
ii) Interest due but not paid	0	0	-	0
iii) Interest accrued but not due	98702466	9749690	-	108452156
<b>Total (i+ii+iii)</b>	30298702466	5209584254	-	35508286720





## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WT/Manager (S/Shri.)								Total
		Sarat Kumar Acharya CMD	Rakesh Kumar Dir. (Finance)/ CFO	Subir Das Dir. (Mines)	V. Thangapandian Dir. (Power) From 01.09.2015	P. Selvakumar Dir. (P&P) From 01.01.2016	B. Surender Mohan CMD Upto 30.09.2015	S. Rajagopal Dir. (Power) Upto 31.08.2015	S. Boopathy Dir. (P&P) Upto 31.12.2015	
1.	Gross salary; (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,69,344	41,76,718	26,54,205	14,40,446	5,85,688	30,62,484	19,49,765	23,34,744	2,03,73,394
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,93,046	1,82,026	1,61,024	66,011	1,50,776	56,741	11,154	98,054	9,18,832
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0	0	0	0	0
2.	Stock Option	0	0	0	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0	0	0	0
4.	Commission - As % of Profit	0	0	0	0	0	0	0	0	0
	- Others, specify	0	0	0	0	0	0	0	0	0
5.	Others, please specify viz., PF Contribution, Pension etc.,	4,00,832	3,47,259	3,17,406	2,64,231	1,77,845	2,52,113	1,97,437	2,92,759	22,49,882
	Total (A)	47,63,222	47,06,003	31,32,635	17,70,688	9,14,309	33,71,338	21,58,356	27,25,557	2,35,42,108
	Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA	NA	NA

### B. Remuneration to other Directors:

(Amount in ₹)

Particulars of Remuneration	Name of Directors			Total Amount
	Shri. Chandra Prakash Singh	Shri. Azad Singh Toor	Shri. K. Madhavan Nair	
<b>Independent Directors</b>				
• Fee for attending Board/Committee Meetings	55,000	55,000	40,000	1,50,000
• Commission	0	0	0	0
• Others, please specify	0	0	0	0
Total (1)	55,000	55,000	40,000	1,50,000
<b>Other Non-Executive Directors</b>				
• Fee for attending Board/Committee Meetings	0	0	0	0
• Commission	0	0	0	0
• Others, please specify	0	0	0	0
Total(2)	0	0	0	0
Total(B)=(1+2)	55,000	55,000	40,000	1,50,000
Total Managerial Remuneration	55,000	55,000	40,000	1,50,000
Overall Ceiling as per the Act	NA	NA	NA	NA

\* No remuneration other than sitting fee is paid to Non-Executive Directors.

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Company Secretary
1.	Gross salary;	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,77,909
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,00,470
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission - As % of Profit	0
	- Others, specify	0
5.	Others, please specify viz., PF Contribution, Pension etc.,	2,69,360
	Total (A)	27,47,739

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

for and on behalf of the Board of Directors

Place : Chennai  
Date : 04.08.2016

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Annexure-7**

**R. BALASUBRAMANIAM**

B.A., B.L., F.C.S.

Company Law Consultant

Email ID: balu\_comsec@yahoo.com

Contact No: 044 - 26269826

Door No. 27, Flat No. A2,  
"J" Block, Second Street,  
Anna Nagar East,  
Chennai - 600102.

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Neyveli Lignite Corporation Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Neyveli Lignite Corporation Limited (CIN: L93090TN1956GOI003507) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 1<sup>st</sup> December, 2015).

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

- (a) The Mines Act, 1952 and the rules made there under.
- (b) Coal Mines Regulations, 1957.
- (c) DGMS Guidelines on Periodic Medical Examination for Mines.
- (d) Mines Vocational Training Rules, 1966.
- (e) The Electricity Act, 2003 and the rules made there under.
- (f) Indian Boiler Act, 1923 and the regulations made there under.
- (g) Explosives Act, 1884 and the rules made there under.
- (h) Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008.

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

I have also examined the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange (effective up to 30<sup>th</sup> November, 2015).
- (iii) Guidelines on Corporate Governance as issued by the Department of Public Enterprises applicable to Central Public Sector Enterprises.

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

- 1. The Company had no women Director on its Board, till 10<sup>th</sup> June 2015, as required under the second proviso to sub-section 1 of Section 149 of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and listing agreement.**
- 2. The Company, till 22<sup>nd</sup> December 2015, did not have an optimum combination of Executive Directors and Non-Executive Directors and till that date, the requirement of having not less than fifty percent of the Board with Non-Executive Directors as per the requirements of listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance had not been complied with.**
- 3. The Chairman of the Board being an Executive Director, the requirement of having at least one-half of the Board consisting of Independent Directors as per the listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance had not been complied with.**

4. The requirement to have requisite numbers of Independent Directors as the members of Audit Committee, had not been complied with till 24<sup>th</sup> February 2016, as per the provisions of Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance.
5. The requirement to have an Independent Director as the Chairman of the Audit Committee, had not been complied with till 24<sup>th</sup> February, 2016, as per the provisions of Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance.
6. The Nomination and Remuneration Committee did not comply with the following, till 24<sup>th</sup> February 2016:
  - (a) Requisite number of Non-Executive Director(s)/Independent Director(s) as per the requirements of Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (b) At least 3 part-time Directors (i.e. Nominee Directors or Independent Directors) as members in terms of DPE guidelines on Corporate Governance.
7. The Nomination and Remuneration Committee did not have an Independent Director as its Chairman, till 24<sup>th</sup> February 2016, as per the requirements of listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.
8. The Corporate Social Responsibility Committee did not have Independent Director as a Member, till 24<sup>th</sup> February, 2016, as per the requirements of Companies Act, 2013.
9. In the absence of Independent Directors in the Audit Committee, the requirement of having the quorum, in respect of the meetings held till 24<sup>th</sup> February, 2016 had not been complied with, as prescribed in the Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on the Corporate Governance.

I further report that:

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

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

I further report that based on the written 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.

Place : Chennai

Date : 9<sup>th</sup> May, 2016

**R. Balasubramaniam**

Practising Company Secretary

FCS No. 2397

C. P. No. 1340

### Reply to the observations of the Secretarial Auditor

Sl. No.	Secretarial Auditor's Observations	Company's Reply
1.	The Company had no women Director on its Board, till 10 <sup>th</sup> June, 2015, as required under the second provision to sub-section 1 of Section 149 of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Listing Agreement.	The Company is a Government Company and as per the Articles of Association of the Company, the power to appoint Directors including a Woman Director, on the Board of the Company, vests with the President of India. Pursuant to the appointment of Ms. Sujata Prasad on the Board by Ministry of Coal, GOI, this requirement has been fully complied w.e.f. 11 <sup>th</sup> June, 2015.
2.	The Company, till 22 <sup>nd</sup> December 2015, did not have an optimum combination of Executive Directors and Non-Executive Directors and till that date, the requirement of having not less than fifty percent of the Board with Non-Executive Directors as per the requirements of listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance had not been complied with.	As stated above, the power to appoint Directors on the Board vests with the President of India.  Three Independent Directors were inducted in to the Board thereby the requirement has been fully complied w.e.f. 23 <sup>rd</sup> December, 2015.
3.	The Chairman of the Board being an Executive Director, the requirement of having at least one-half of the Board consisting of Independent Directors as per the listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance had not been complied with.	Presently, 3 Independent Directors are on the Board against the requirement to have a minimum of 8 nos. of Independent Directors.  The issue relating to the appointment of five more Independent Directors on the Board of the Company has been referred to the Ministry of Coal, the Administrative Ministry and on their appointment, the requirement will be fully complied with.
4.	The requirement to have requisite numbers of Independent Directors as the members of Audit Committee, had not been complied with till 24 <sup>th</sup> February 2016, as per the provisions of Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance.	Consequent to the induction of Independent Directors, the Audit Committee has been reconstituted on 25 <sup>th</sup> February, 2016 with the required number of Independent Directors and the present Chairman of the Committee is an Independent Director.



Sl. No.	Secretarial Auditor's Observations	Company's Reply
5.	The requirement to have an Independent Director as the Chairman of the Audit Committee, had not been complied with till 24 <sup>th</sup> February, 2016, as per the provisions of Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE guidelines on Corporate Governance.	Consequent to the induction of Independent Directors, the Audit Committee has been reconstituted on 25 <sup>th</sup> February, 2016 with the required number of Independent Directors and the present Chairman of the Committee is an Independent Director.
6.	The Nomination and Remuneration Committee did not comply with the following, till 24 <sup>th</sup> February 2016: (a) Requisite number of Non-Executive Director(s)/Independent Director(s) as per the requirements of Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (b) At least 3 part-time Directors (i.e. Nominee Directors or Independent Directors) as member in terms of DPE guidelines on Corporate Governance.	Consequent to the induction of Independent Directors, the Nomination and Remuneration Committee has been reconstituted on 25 <sup>th</sup> February, 2016 with the required number of Independent Director(s) and the present Chairman of the Committee is an Independent Director.
7.	The Nomination and Remuneration Committee did not have an Independent Director as its Chairman, till 24 <sup>th</sup> February 2016, as per the requirements of listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.	
8.	The Corporate Social Responsibility Committee did not have Independent Director as a Member, till 24 <sup>th</sup> February, 2016, as per the requirements of Companies Act, 2013.	Consequent to the induction of Independent Directors, the Corporate Social Responsibility Committee has been reconstituted as per the requirements w.e.f. 25 <sup>th</sup> February, 2016.
9.	In the absence of Independent Directors in the Audit Committee, the requirement of having the quorum, in respect of the meetings held till 24 <sup>th</sup> February, 2016 had not been complied with, as prescribed in the Companies Act, 2013, Listing Agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on the Corporate Governance.	In the absence of Independent Directors on the Committee for the reasons stated above, the requirements as prescribed could not be complied with.

for and on behalf of the Board of Directors

Place : Chennai  
Date : 04.08.2016

**SARAT KUMAR ACHARYA**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Annexure-8**

**Comments of the Comptroller and Auditor General of India under Section 143(6)(b)  
of the Companies Act, 2013 on the Financial Statements of  
Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March, 2016**

The preparation of financial statements of Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March, 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with 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 26.05.2016.

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

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

**E. SRINIVASAN**

Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board, Chennai

Place : Chennai  
Date : 27.07.2016

**Comments of the Comptroller and Auditor General of India under Section 143(6)(b)  
read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial  
Statements of Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March, 2016**

The preparation of consolidated financial statements of Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March, 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) 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 26.05.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of Neyveli Lignite Corporation Limited for the year ended 31<sup>st</sup> March, 2016. We conducted a supplementary audit of the financial statements of Neyveli Lignite Corporation Limited, NLC Tamilnadu Power Limited and Neyveli Uttar Pradesh Power Limited for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to MNH Shakti Limited being private entity for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditor nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

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

**G. SUDHARMINI**

Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board, Chennai

Place : Chennai  
Date : 03.08.2016

**M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants,  
14/27, Cathedral Garden Road,  
Nungambakkam,  
Chennai - 600 034.

**M/s. CHANDRAN & RAMAN,**  
Chartered Accountants,  
Paragon No. 2, Dr. Radhakrishnan Salai,  
2<sup>nd</sup> Street, Mylapore,  
Chennai – 600 004.

## **Independent Auditors' Report**

**To**

**The Members of M/s. NEYVELI LIGNITE CORPORATION LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of M/s. NEYVELI LIGNITE CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

## **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No: 24(A)(1)(i) to the financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternate Tax rate for calculation of Return on Equity in tariff fixation under Central Electricity Regulatory Commission (CERC) regulation.
- b) Note No: 24(A)(1)(ii) to the financial statements regarding the review order of Central Electricity Regulatory Commission (CERC) dated 21.01.2016 for refund of additional profit earned by sale of lignite to outside agencies over and above 85% capacity utilisation factor of Mine II Expansion and refund of incentive for the excess generation of power over and above the contemplated PLF in TPS II due to inclusion of pooled price of Mine II Expansion.
- c) Note No: 24(A)(1)(iii) to the financial statements regarding the order of the Central Electricity Regulatory Commission (CERC) dated 14.03.2016 regarding disallowance of interest during construction period of Barsingsar Thermal Power Station.
- d) Note No: 26(d) to the financial statements regarding Power tariff that final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.

Our opinion is not modified in respect of these matters.

## **Other Matter**

We did not audit the financial statements of ONE (1) branch included in the standalone financial statements of the company whose financial statement reflects a total assets of ₹ 1821.20 crore as at 31<sup>st</sup> March 2016 and total revenue of ₹ 435.98 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditor. Our opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure - I a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The report on accounts of the branch office of the company audited U/s. 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.
  - d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f) As per the Notification No. G.S.R. 829(E) dated 21.10.2003, issued U/s. 620(1) of the Companies Act, 1956 and read with Section 465(2) of Companies Act, 2013, Sub-section (2) of Section 164 of the Companies Act, 2013 is not applicable to Government Companies.
  - g) With respect to the adequacy of internal financial control systems and the operating effectiveness of such controls, we give our Report in Annexure-II .
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24(A) to the financial statements;
    - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by section 143(5) of the Companies Act, 2013, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India is given in Annexure-III.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## **Annexure - I to Independent Auditors' Report**

### **Statement of matters specified in Para 3 & 4 of the order referred to in sub-section (11) of section 143**

#### **1) Fixed Assets**

- a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a policy of verifying all the fixed assets once in five years. For the cycle 2006-07 to 2010-11, physical verification of all the fixed assets has been carried out during the financial year 2010-11. **Pending reconciliation of discrepancies observed on physical verification conducted during the financial year 2010-11 a sum of ₹ 0.41 crore has been provided for. For the cycle 2011-12 to 2015-16, the physical verification of fixed assets is in progress. Material discrepancies, if any, will be adjusted as and when determined.**
- c) According to the information and explanations given to us, the Company is in possession of title deeds/assignment deeds/GO's in respect of immovable properties, except as detailed below. However, due to the enormous volume of the documents held by the Company for acquisition of land, all the title deeds could not be fully verified.

(₹ in crore)

<b>Nature of Immovable Property</b>	<b>Total No. of cases</b>	<b>Gross Block as on 31.03.2016</b>	<b>Net Block as on 31.03.2016</b>	<b>Remarks, if any</b>
Building – Leasehold	1	2.08	1.35	Registration of Lease Deed pending
Building – Freehold	1	26.25	25.94	Execution of Sale Deed is pending

#### **2) Inventory**

The inventory has been physically verified during the year by the management. No material discrepancies were noticed.

#### **3) Transactions with parties covered by register referred to in section 189**

The Company has granted unsecured loan to a subsidiary Company and to a Director of the Company covered by the register maintained under section 189 of the Companies Act, 2013.

- a) In our opinion, the terms and conditions of grant of the loans are not prejudicial to the interest of the Company.
- b) According to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated while granting such loans and the repayment/receipts are regular.
- c) No amounts are overdue for more than 90 days.

#### **4) Compliance with section 185 & 186 in respect of Loans and Investments**

The Company has not advanced loans, given guarantees or security or made any investment in contravention of section 185 and/or section 186 of the Companies Act, 2013.

#### **5) Public Deposits**

In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public and hence the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under are not applicable to the Company.



## 6) Maintenance of Cost Records

The Central Government has prescribed the maintenance of cost records U/s. 148(1) of the Companies Act, 2013 in respect of Electricity Industry and Lignite. 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 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

## 7) Statutory Dues

- a) The Company has generally been regular in depositing Provident Fund dues of its own employees. Based on the information and explanations given to us the Company has laid down system and procedures regarding deposit of PF and ESI dues relating to contractors' workers. The company has generally been regular in depositing Income-tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

Based on information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues were outstanding as at 31<sup>st</sup> March 2016 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Customs duty, Wealth Tax, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute except as reported below:

Name of the Statute	Nature of the dues	Demand Amount (₹ in lakh)	Amount Deposited under protest (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Finance Act, 2006	Land tax	57.53	28.76	2008-09	Tax Board, Ajmer
		173.73	63.28	2009-10	
		173.73	86.86	2010-11	
		192.92	99.96	2011-12	
		192.92	99.96	2012-13	
Customs Act	Customs Duty	3237.21	733.98	-	CESTAT
Finance Act, 1994	Service Tax	89.56	6.72	April 2009 to June 2012	CESTAT
		10.18	-		CEC(A)
		51.34	3.85	July 2012 to March 2014	CEC(A)
		1.11	0.08	April 2012 to June 2012	CEC(A)
The Central Excise Act, 1944	Excise Duty	29.03	2.18	Nov 2011 to Sep 2012	CEC(A)

## 8) Repayment of Loans

The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders during the relevant financial year.

## 9) Raising of monies through Public Offer and/or Term Loans

According to the information and explanations given to us, the monies raised by ways of issue of debt instruments and term loans were applied for the purposes for which those were raised.

**10) Frauds**

According to the information and explanations given to us no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

**11) Managerial Remuneration**

According to the information and explanations provided to us, the total Managerial remuneration paid/provided by the Company is within the overall maximum limit as specified section 197 read with Schedule V to the Companies Act, 2013 and accordingly requirements as to obtaining requisite approval this section does not arise.

**12) Compliance with Net Owned Funds Ratio & unencumbered term deposits**

The Company is not a Nidhi Company and hence the provisions para 3(xii) of the order referred to in Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act does not apply to the Company.

**13) Transaction with Related Parties**

In our opinion all transactions with the related parties are in compliance with the provision of section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

**14) Preferential Allotment or Private Placement**

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

**15) Non-cash transactions**

The Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

**16) Registration with Reserve Bank of India**

The Company is not carrying any activities which require registration under section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## **Annexure-II to Independent Auditors' Report**

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

We have audited the internal financial controls over financial reporting of M/s. NEYVELI LIGNITE CORPORATION LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records

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

### **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, 2016, 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.

### **Other Matter**

We did not audit the Internal Financial Control over Financial Reporting of ONE (1) branch included in the standalone financial statements of the company. The adequacy of internal financial controls system over financial reporting and the operating effectiveness of such internal financial controls over financial reporting conducted by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditor. Our opinion is not modified in respect of this matter.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

### Annexure-III to Independent Auditors' Report

Comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India

1. The company has been acquiring land through Government of Tamil Nadu. As per the legal opinion obtained by the company as regards the clear title the position is as under :-

Period during which land was acquired	Statute under which the land was acquired	Mode of acquisition	Nature of ownership
From incorporation to 1977	The Land Acquisition Act, 1894	Assignment Deeds	Conditional Ownership
1978 to 1996	The Land Acquisition Act, 1894	Government Notifications	Absolute owner of the land
1997 to 2001	The Tamil Nadu Acquisition of Land for Industrial Purposes Act, 1997	Government Notifications	Conditional Ownership
2001 to 31.03.2016	The Tamil Nadu Acquisition of Land for Industrial Purposes Act, 1997	Government Notifications	Absolute owner of the land

2. During the year under audit, there were no cases of waiver/write off of debts/loans/interest etc.
3. There are no cases of inventories lying with third parties or assets received as gifts/grants from the Government or other authorities.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## Significant Accounting Policies

### I. Basis of Accounting

The financial statements are prepared on accrual basis of accounting under historical cost convention, in accordance with generally accepted accounting principles, accounting standards, the relevant provisions of the Companies Act, 2013 and Electricity Act, 2003 to the extent applicable.

### II. Fixed Assets

- Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation allocated incidental expenditure during construction / acquisition and necessary adjustments in the year of final settlement.

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

- Land for mining in Tamilnadu is acquired in accordance with and subject to the provisions of Land Acquisition Act, 1894 and Tamilnadu Acquisition of Land for Industrial purpose Act, 1997 read with the Right to fair Compensation and transparency in land Acquisition, Rehabilitation and Resettlement Act, 2013. Capitalisation of land is done with reference to the date of taking over the physical possession of land.

### III. Depreciation

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

	Description of Assets covered	Basis
i.	a) Assets of Thermal Power Stations, Wind Turbine Generators and Solar Power plant excluding vehicles other than Ash Tippers. b) LEP assets	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.  At residuary life of 15 years
ii.	Residential Buildings - III Class	At rates prescribed by Department of Public Enterprises.
iii.	Buildings : Non-residential Buildings Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC &SWC pipes and Civil construction machinery.	At technically assessed rates.
iv.	Specialised Mining Equipment : Commissioned on or after 31.08.2007	At technically assessed rates as approved by Ministry of Corporate Affairs in August 2007.
v.	Other Assets and Specialised Mining Equipments commissioned before 31.08.2007	At useful life prescribed in Schedule II of the Companies Act, 2013.

Rates under (ii) and (iii) above are followed so long as they are higher than the useful life covered under base (v).



2. A part of the asset having original cost more than 25% of the original cost of the whole of the asset is considered as significant part of the asset. Significant parts whose useful life is different from that of the whole of the asset, such significant part is determined separately and accordingly depreciated over its useful life.
3. Fixed assets relating to Research and Development are depreciated in a like manner as any other fixed asset of the Company.
4. In the year of commissioning/retirement of assets, depreciation is calculated on pro-rata basis, based on the number of months for which asset has been put to use.
5. Assets costing up to ₹ 5000/- are fully depreciated in the year in which they are put to use.
6. Amortisation of Mine Development Account:  
Over burden removal costs are classified under mine development account till achievement of quantity para-meters as approved for each Project. Such amounts are amortised as depreciation on the basis of annual Lignite production to the total estimated mineable reserves, reckoning from the year in which regular lignite production is commenced after achievement of mine development.
7. Machinery Spares:  
Initial spares purchased along with fixed assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the fixed assets costing ₹ 50 lakh and above which can be used only in connection with an item of Fixed Asset and whose usage are expected to be irregular are fully depreciated over the residual useful life of the Fixed Assets and if the spare is utilised, the carrying cost is fully charged as depreciation in the year of utilisation.

#### **IV. Intangible Assets**

##### **a. Computer Software**

Application Software acquired for an amount more than ₹ 10 lakh are capitalised as intangible assets and amortised over a period of 5 years.

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

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

#### **V. Inventory Valuation**

Inventories are valued at lower of cost and net realisable value.

The basis of cost :-

- i. Lignite: - At absorption cost, excluding share of common charges and social overhead.
- ii. Stores and Spares procured: - At weighted average acquisition cost.
- iii. Fly ash brick – at absorption cost.
- iv. Waste product, used belts reconditioned, Stores and spares discarded for disposal, medicine and canteen stores are taken at NIL value.
- v. Goods in Transit including goods received but pending inspection/acceptance are valued at cost.

## **VI. Mine Closure Expenditure**

Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

## **VII. Prepaid Expenses**

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

## **VIII. Investments**

Long Term Investments are carried at cost. Provision is made for diminution if any, other than temporary, in the value of such investments.

## **IX. Preliminary Project Expenditure**

Preliminary Project Expenditure includes expenditure on feasibility studies documentation of data, other development expenditure, expenditure on exploratory works, technical know how etc., to be added to the capital cost of the project, as and when implemented. In case such projects are identified for transfer of business by the Govt. of India, the expenditure incurred will be recovered from the prospective buyer. If the projects are abandoned with reference to Government orders or cannot be implemented such expenditures are charged to Profit & Loss Account in the respective years.

## **X. Accounting for Grants**

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

## **XI. Reserves and Surplus**

### **Interest Differential Reserve**

Interest Differential Reserve created as provided in the Loan Agreement entered into with KfW has debt discharging effect and is utilised in accordance with the terms of the Loan Agreement and such utilisation is shown as withdrawal from the Reserve.

## **XII. Employee Benefits**

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

- i. Short term employee benefits such as wages, salaries, incentives, short term Leave Salary are fully provided for.
- ii. Long term employee benefits such as Leave Salary are provided for as per Department of Public Enterprises Guideline and actuarial valuation and also funded to Trust.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to Gratuity Trust.

- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly in respect of the employees retired prior to 01-01-2007 for which a separate reserve fund is created out of the accumulated reserve profit with corresponding investments
- v. Contribution to Provident Fund and Superannuation Fund which includes Post Retirement Medical Assistance are recognised in the Profit & Loss Account on the basis of actual liability and funded to Trust.

### **XIII. Allocation of common charges/social overhead expenses**

These are allocated to production units based on salaries and wages of these units.

### **XIV. Prior period and Extra-ordinary Items**

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

### **XV. Significant events occurring after the Balance Sheet date**

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

### **XVI. Revenue Recognition**

- a) Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.
- b) Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability'. The increase or decrease in depreciation/interest for the year due to the accounting of such exchange differences as per accounting policy no.XVII below is adjusted in depreciation/interest.
- c) Claims due from beneficiaries which do not fall within the tariff rate fixation norms (other than reimbursement on account of Exchange Rate Variation on repayment of loans) is recognised as income in the year of incurring of the expenditure and final adjustments, if any, will be accounted on receipt of order from CERC.
- d) Revenue from sale of solar energy and wind energy is recognised in accordance with the price agreed under the provisions of the power purchase agreement entered into with Beneficiaries. Such revenue is recognised on the basis of actual units generated and transmitted.
- e) Sale of Lignite, in respect of e-auction sales has been reckoned to the extent of amount received and for others on accrual basis.

- f) Claim towards insurance, surcharge on belated settlement of power bills and interest including delayed payment of income tax recoverable are accounted in the year of settlement and/or in the year of acceptance of the claim/ certainty of realisation as the case may be.
- g) Cash discounts for prompt payments are accounted as and when the related dues are settled.

## **XVII. Foreign Exchange transactions**

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

## **XVIII. Accounting for taxes on income**

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

## **XIX. Borrowing Cost**

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

## **XX. Construction Projects**

### **1. Capitalisation and Depreciation Provision**

#### **A. Specialised Mining Equipment**

Successful completion of eight effective working hours on load test excluding minor stoppage is the criteria followed in respect of the assets covering Specialised Mining Equipment System viz., Bucket Wheel Excavator, Conveyor, Tripper, Transfer Feeder and Spreader for capitalisation and commencement of depreciation charge and revenue recognition. The entire test shall be completed within twelve hours from the time of starting of the test including minor stoppages.

#### **B. 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. Provisional take over date of the Turbo-generator pursuant to Seventy two hours full load operation is deemed as the date of commercial commissioning of the units. Depreciation charge commences from the date of commercial commissioning. Direct expenses and interest charges incurred during the test and trial run are capitalised and the power sale revenue earned during that period is abated to the capital cost of the project.

**C. Wind Turbine Generators (WTG)**

Each WTG will be capitalised on the date on which it is connected to grid based on the commissioning certificate issued by TANGEDCO. Depreciation charges will start from the date of capitalisation.

**D. Solar Project**

Solar Power Plant will be capitalised on the date on which it is connected to grid.

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

**XXI. Provisions and Contingent liability**

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. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

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

**XXII. Life Extension Programme of Thermal Stations**

Expenditure on Life Extension Programme (LEP) of Fixed Assets resulting in increased life and/or efficiency of an existing asset is added to the carrying cost of related asset and depreciated over the estimated life of the unit from the date of synchronisation.

\* \* \*

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

(₹ in crore)

	Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	a) Share Capital	1	1,677.71	1,677.71
	b) Reserves and Surplus	2	13,790.93	13,191.60
	<b>(2) Grants</b>	3	6.35	7.33
	<b>(3) Non-current Liabilities</b>			
	a) Long term borrowings	4	3,165.65	2,792.46
	b) Deferred tax liability - Net	5	1,733.43	1,010.10
	c) Other Long term liabilities	6	747.76	417.49
	<b>(4) Current Liabilities</b>			
	a) Trade payables	7	970.61	631.41
	b) Other current liabilities	8	1,152.97	1,212.65
	c) Short term provisions	9	424.65	422.11
	<b>TOTAL</b>		<b>23,670.06</b>	<b>21,362.86</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>(1) Non-current Assets</b>			
	a) Fixed Assets			
	(i) Tangible assets	10	9,654.11	6,425.37
	(ii) Intangible assets	11	0.12	0.29
	(iii) Capital work-in-progress	12	2,253.03	4,306.86
	(iv) Assets under development	13	204.44	99.23
	b) Non-current investments	14	1,949.12	1,830.86
	c) Long term loans and advances	15	778.34	476.86
	d) Other Non-current assets	16	104.74	51.12
	<b>(2) Current Assets</b>			
	a) Current Investments	17	0.00	103.20
	b) Inventories	18	1,277.49	898.63
	c) Trade receivables	19	3,060.15	2,282.07
	d) Cash and Bank balances	20	3,157.97	3,265.47
	e) Short term loans and advances	21	1,035.41	1,423.89
	f) Other current assets	22	195.14	199.01
	<b>TOTAL</b>		<b>23,670.06</b>	<b>21,362.86</b>

Notes to the Financial Statement and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

**K. VISWANATH**  
COMPANY SECRETARY

**RAKESH KUMAR**  
CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 26.05.2016

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

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

Place : Chennai

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Date : 26.05.2016



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(₹ in crore)

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
I	Revenue from operations	26	6,669.05	6,087.68
II	Other income	27	525.15	709.29
III	Total Revenue (I+II)		7,194.20	6,796.97
IV	Expenses:			
	Increase (-) / Decrease in stock	28	-361.25	-204.66
	Employee benefits expense	29	2,222.25	2,217.38
	Finance Cost	30	188.36	149.63
	Depreciation and amortisation expenses	31	599.23	440.62
	Other Expenses	32	2,629.70	2,178.75
	Prior Period Adjustments(Net)	33	0.05	32.53
			5,278.34	4,814.25
	Less: Expenses Capitalised	34	38.40	55.04
	Total expenses		5,239.94	4,759.21
V	Profit before exceptional and Extra-ordinary items and tax (III-IV)		1,954.26	2,037.76
VI	Exceptional items	35	-28.38	345.57
VII	Profit before Extra-ordinary items and tax (V+VI)		1,925.88	2,383.33
VIII	Extra-ordinary item		0.00	0.00
IX	Profit before tax (VII+VIII)		1,925.88	2,383.33
X	Profit from continuing operations before tax		1,962.50	2,382.92
XI	(i) Tax expense			
	For current year		408.15	743.28
	Less: MAT Credit		408.15	0.00
	For previous year		-1.58	7.44
	(ii) Deferred tax			
	For current year		722.03	49.78
	For previous year		1.28	3.02
XII	Profit for the period from continuing operations after tax (X -XI)		1,240.77	1,579.40
XIII	Profit from discontinuing operations before tax		-36.62	0.41
XIV	Tax expense		0.00	0.13
XV	Profit from discontinuing operations after tax (XIII - XIV)		-36.62	0.28
XVI	Profit for the period (XII + XV)		1,204.15	1,579.68
XVII	Earnings per share			
	Basic and Diluted (₹)	36	7.18	9.42

Notes to the Financial Statement and Significant Accounting Policies annexed form an integral part of Profit and Loss Statement.

For and on behalf of the Board

**K. VISWANATH**  
COMPANY SECRETARY

**RAKESH KUMAR**  
CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 26.05.2016

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

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai

Date : 26.05.2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	1,925.88	2383.33
Adjustments for:		
Less: Profit on Disposal of Asset	2.00	1.61
Interest Income	417.99	568.29
	419.99	569.90
Add: Depreciation including prior period	599.23	436.47
Other non-cash charges	-30.45	70.49
Interest charged to P&L A/c	188.36	156.06
	757.14	663.02
	337.15	93.12
Operating Profit before working capital changes	2,263.03	2,476.45
Adjustments for: Trade and other receivables:		
Sundry Debtors	-784.77	-77.62
Loans & Advances	513.77	-551.41
Inventories & other current assets	-428.18	-214.95
Trade Payables	413.10	-18.23
Cash flow generated from operations	1,976.95	1,614.24
Direct Taxes paid	-525.66	-763.06
Cash flow before extra-ordinary items and P.P.T.	1,451.29	851.18
Grants received	-0.08	-0.68
Net Cash from operating activities	1,451.21	850.50
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets/ Preliminary expenses	-1,523.78	-1,135.48
Sale of Fixed Assets/Projects		
From continuing operations	2.58	3.54
Sale/Purchase of Investments	-15.06	-317.17
Interest received	423.41	619.12
Net Cash used in investing activities	-1,112.85	-829.99
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Short Term Borrowings (Net)	14.61	0.00
Long term borrowings (Net)	375.64	14.05
Interest paid	-270.95	-266.14
Dividend (including Dividend Tax)	-565.16	-761.53
Net Cash used/received in financing activities	-445.86	-1,013.62
Net increase, decrease (-) Cash and cash equivalents	-107.50	-993.11
Cash and cash equivalents as at the beginning of the year	3,265.47	4,258.58
Cash and cash equivalents as at the end of the year	3,157.97	3,265.47
NOTE : (-) INDICATES CASH OUTFLOW.		


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in crore)

	As at 31.03.2016	As at 31.03.2015
<b>DETAILS OF CASH AND CASH EQUIVALENTS:</b>		
Cash in hand	<b>0.00</b>	0.01
Cash at bank in current accounts*	<b>11.65</b>	68.79
Cash at bank in deposit accounts*	<b>3,146.32</b>	3,196.67
<b>Total</b>	<b>3,157.97</b>	3,265.47
* Earmarked for -		
(i) Unpaid dividend account	1.63	1.39
(ii) Endowment fund in the name of NLC schools	0.32	0.44
(iii) Mine closure deposit	319.29	272.59
(iv) PRMA Fixed deposit	56.04	43.86
(v) Short term Deposits for lien for guarantee	14.93	39.37
(vi) Government grants	6.35	7.33

For and on behalf of the Board

**K. VISWANATH**  
 COMPANY SECRETARY

Place: Chennai

**RAKESH KUMAR**  
 CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
 CHAIRMAN AND MANAGING DIRECTOR

Date: 26.05.2016

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

 For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
 Chartered Accountants  
 Firm Regn. No. 004721S

**P.B. Srinivasan**  
 Partner  
 M.No.: 203774

Place : Chennai

 For **M/s. CHANDRAN & RAMAN**  
 Chartered Accountants  
 Firm Regn No. 000571S

**S. Pattabiraman**  
 Partner  
 M.No.: 014309

Date : 26.05.2016

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
1	<b>Share Capital</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	<b>Authorised</b>		
	2,00,00,00,000 Equity Shares of ₹10/- each	<u>2,000.00</u>	<u>2,000.00</u>
b.	<b>Issued, Subscribed and Paid-up</b>		
	1,67,77,09,600 Equity shares of ₹10 each fully paid	<u>1,677.71</u>	<u>1,677.71</u>
c.	1,50,99,38,640 (previous year 1,50,99,38,640) Equity Shares being 90.00% are held by the President of India.		
d.	No new shares were issued during the current year and previous year. Hence there is no change in number of shares outstanding as at the beginning and as at the end of the year.		
2	<b>Reserves and Surplus</b>	<b>As at 01.04.2015</b>	<b>As at 31.03.2016</b>
a	Profit and Loss Account (Refer Note No.40)	11,349.63	11,776.78
b.	KfW Interest Differential Reserve	296.11	311.11
c.	Contingency Reserve	60.00	70.00
d.	General Reserve	1,337.00	1,457.00
e.	Bond redemption reserve	105.00	120.00
f.	PRMA Reserve Fund	43.86	56.04
	<b>Total</b>	<u>13,191.60</u>	<u>13,790.93</u>
3	<b>Grants</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	USTDA Grant	1.51	1.51
b.	Fly Ash Housing Grant	0.00	0.02
c.	Plant Renovation Grant	0.14	0.14
d.	Safety Investigation System	0.00	0.7
e.	Other Revenue Grants	4.70	4.96
	<b>Total</b>	<u>6.35</u>	<u>7.33</u>
4	<b>Long term Borrowings</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Secured		
	(i) Neyveli Bonds - 2009	600.00	600.00
	(ii) Term Loans from Banks*	875.00	1,225.00
	(iii) Power Finance Corporation Ltd*	1,195.00	500.00
b.	Unsecured		
	Foreign Currency loan from KfW-Germany <sup>##</sup>		
	8.77 Million Euro (8.98 Million Euro) - I	64.24	60.71
	58.85 Million Euro (60.26 Million Euro) - II	431.41	406.75
	<b>Total</b>	<u>3,165.65</u>	<u>2,792.46</u>
	<sup>##</sup> Guaranteed by the Government of India.		
	* Documents for registration is pending registration with Sub-Registrar and registration of charges is also pending with the Registrar of Companies		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
c.	Neyveli Bonds 6000,8.83%,10 Years, Secured, Redeemable, Taxable, Non-convertible Bonds in the nature as Debentures of ₹ 10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine II Expansion Project, TS II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23-01-2019. (without Put or Call Option).	
d.	Rupee Term Loan of ₹ 3750 crore (RTL I ₹ 2500 crore and RTL II ₹ 1250 crore) was availed from a consortium lead by Canara Bank repayable over twenty equal bi-annual installments ending on August 2019. During the year the outstanding amount under this RTL amounting ₹ 1400 crore has been repaid to the consortium lead by Canara Bank by refinancing ₹ 1400 crore through a common loan from SBI (₹ 467 crore),HDFC Bank (₹ 466.50 crore) and ICICI Bank (₹ 466.50 crore). Security - first pari-passu charge on the borrower's immovable assets of Mines II Expansion, TS II Expansion, Barsingsar Mines and TPS and pari-passu charge by way of hypothecation on the movable assets both present and future pertaining to Mines II Expansion, TPS II Expansion, Barsingsar Mines and TPS. The existing repayment schedule is being maintained so that loan will be closed by August 2019.	
e.	Term loan from Power Finance Corporation Ltd, secured by pari passu charge on project fixed assets of Neyveli New Thermal Power Station (NNTPS), repayable over 20 equal bi annual installments commencing from 30.06.2019	
f.	Bi-annual equal repayment (€ 0.44 Million) of Foreign Currency loan - I from KfW Germany, commenced from 30-12-2001, ending on 30-06-2036.	
g.	Bi-annual equal repayment (€ 2.80 Million) of Foreign Currency loan -II from KfW Germany, commenced from 30-06-2002, ending on 30-06-2037.	
5	<b>Deferred Tax Liability - Net</b>	<b>As at 31.03.2016 As at 31.03.2015</b>
a.	Deferred tax Liability: Related to depreciation	<b>1,905.15 1,081.56</b>
b.	Deferred tax Asset: Provisions, etc.	<b>171.72 71.46</b>
	Deferred tax Liability (Net)	<b>1,733.43 1,010.10</b>
6	<b>Other Long term Liabilities</b>	<b>As at 31.03.2016 As at 31.03.2015</b>
a.	Capital purchase, Capital works-in-progress and other liabilities	<b>394.20 119.82</b>
b.	Mine Closure Liability	<b>323.54 275.59</b>
c.	Deferred Foreign currency Fluctuation Liability	<b>30.02 22.08</b>
		<b>747.76 417.49</b>
d.	Pursuant to GOI guidelines on Mine closure, total Mine closure cost was approved by Ministry of Coal at a rate of ₹ 6 lakh per hectare for all the open cast Mines. The annual contribution, compounded @ 5% p.a. is deposited in an Escrow account in the name of Coal Controller Escrow account NLC Ltd.Mine..., as stipulated by the Coal Controller.	

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
7	<b>Trade Payables</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Sundry creditors	619.13	298.24
b.	Others	351.48	333.17
	<b>Total</b>	<b>970.61</b>	<b>631.41</b>
c.	Principal amount remaining unpaid to Micro, Small and Medium Enterprises as per MSMED Act 2006, as at the end of the year ₹ 10.23 crore (previous year ₹ 7.04 crore).		
8	<b>Other Current Liabilities</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Current maturities of Long Term Debt		
i.	Loan from Banks		
	Term Loans	350.00	350.00
ii.	Foreign Currency loan from KfW -3.24 Million Euro	24.33	21.88
b.	Secured loan - Cash credit facility from bank*	14.61	0.00
c.	Interest Accrued but not due on borrowing		
i.	Neyveli Bonds	9.87	9.87
ii.	KfW	0.98	0.92
d.	Unclaimed Dividend	1.63	1.39
e.	Staff Security deposit	0.01	0.01
f.	Deferred Foreign currency Fluctuation Liability	4.00	2.71
g.	Other Liabilities	747.54	825.87
	<b>Total</b>	<b>1,152.97</b>	<b>1,212.65</b>
	* Secured by hypothecation of stock of stores, spares, raw materials and finished goods.		
h.	Other liabilities include LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits etc		
9	<b>Short term Provisions</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Short term benefit of Leave Salary	122.17	125.41
b.	Post Retirement Medical Benefit	16.02	21.12
c.	Provision for Loss on Assets	1.29	1.29
d.	Proposed Final Dividend	201.33	167.77
e.	Proposed Dividend tax (Final)	40.97	35.11
f.	Provision for contingencies (Refer Note No. 41)	42.47	40.36
g.	Provision for Gratuity	0.00	31.05
h.	Other Provisions	0.40	0.00
	<b>Total</b>	<b>424.65</b>	<b>422.11</b>



**Notes to the Financial Statement**

Sl. No.	Particulars											(₹ in crore)
10	<b>Tangible Assets</b>											
	Description	Gross Cost				Depreciation				Net Value		
		As at 31.03.2015	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals Trans./Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
a.	Land*	525.59	28.14	0.00	<b>553.73</b>	0.00	0.00	0.00	<b>0.00</b>	<b>553.73</b>	525.59	
b.	Roads	75.60	13.08	0.00	<b>88.68</b>	46.18	0.00	10.71	<b>56.89</b>	<b>31.79</b>	29.42	
c.	Buildings++	417.58	76.02	0.11	<b>493.49</b>	137.40	0.10	12.36	<b>149.66</b>	<b>343.83</b>	280.18	
d.	Elec.Installations	377.25	3.08	0.04	<b>380.29</b>	216.97	0.03	26.06	<b>243.00</b>	<b>137.29</b>	160.28	
e.	Water Supply & Drainage	166.84	16.48	0.00	<b>183.32</b>	106.08	0.00	10.56	<b>116.64</b>	<b>66.68</b>	60.76	
f.	Plant & Machinery**	12,105.72	3,719.86	4.15	<b>15,821.43</b>	7,548.05	3.88	530.06	<b>8,074.23</b>	<b>7,747.20</b>	4,557.67	
g.	Furniture & Equipment	76.42	4.31	0.38	<b>80.35</b>	49.89	0.28	4.55	<b>54.16</b>	<b>26.19</b>	26.53	
h.	Vehicles	102.11	8.68	5.66	<b>105.13</b>	66.43	5.36	8.71	<b>69.78</b>	<b>35.35</b>	35.68	
i.	Assets Costing ₹5000 and below	6.56	0.38	0.01	<b>6.93</b>	6.56	0.01	0.38	<b>6.93</b>	<b>0.00</b>	0.00	
j.	Mine Development											
	Mine-I	464.33	0.00	0.00	<b>464.33</b>	257.36	0.00	24.04 <sup>@</sup>	<b>281.40</b>	<b>182.93</b>	206.97	
	Mine-IA	127.50	0.00	0.00	<b>127.50</b>	35.76	0.00	2.82 <sup>@</sup>	<b>38.58</b>	<b>88.92</b>	91.74	
	Mine-II	478.34	5.78	0.00	<b>484.12</b>	138.64	0.00	13.29 <sup>@</sup>	<b>151.93</b>	<b>332.19</b>	339.70	
	Barsingar Mine	123.86	0.00	0.00	<b>123.86</b>	13.01	0.00	2.84 <sup>@</sup>	<b>15.85</b>	<b>108.01</b>	110.85	
	<b>Total</b>	<b>15,047.70</b>	<b>3,875.81</b>	<b>10.35</b>	<b>18,913.16</b>	<b>8,622.33</b>	<b>9.66</b>	<b>646.38</b>	<b>9,259.05</b>	<b>9,654.11</b>	<b>6,425.37</b>	
	<b>Previous Year</b>	<b>14,646.98</b>	<b>419.25</b>	<b>18.53</b>	<b>15,047.70<sup>#</sup></b>	<b>8,176.99</b>	<b>16.51</b>	<b>461.86</b>	<b>8,622.33</b>	<b>6,425.37</b>		
	<p>* In respect of land acquired by the company during the periods 1956 to 1977 and 1997 to 2001, ownership is subject to certain restrictions imposed through the assignment deeds and through the Tamil Nadu Acquisition of Land for Industrial Purpose Act, 1997 respectively</p> <p>++ Includes leasehold buildings of value ₹2.10 crore for which lease agreement is yet to be executed. Normal depreciation rate adopted in view of lower amortisation rate and includes ₹ 26.25 crore pending registration of sale deed.</p> <p>** Includes assets belonging to Ministry of Coal obtained under Coal Science &amp; Technology Projects and Insurance spares</p> <p># Includes Assets non commissioned amounting to ₹ Nil (Previous year ₹ 0.23 crore).</p> <p>@ Represents provisions for amortisation</p> <p>There is no impairment loss identified for the assets.</p> <p>Based on internal assessment and in consultation with Indian Bureau of Mines (Sub-ordinate Office under the control of Ministry of Mines) and Ministry of Corporate Affairs approved in Aug, 2007 the useful lives of Specialised Mining Equipments commissioned on or after 31-08-2007 such as Bucket Wheel Excavator, Mobile Transfer Conveyor, Spreader, Conveyors deployed in mines were fixed as 15 years which are different from useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.</p>											
11	<b>Intangible Assets</b>											
	Description	Gross Cost				Depreciation				Net Value		
		As at 31.03.2015	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals Trans./Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
a.	Software	9.72	0.00	0.00	<b>9.72</b>	9.43	0.00	0.17	<b>9.60</b>	<b>0.12</b>	0.29	
	<b>Total</b>	<b>9.72</b>	<b>0.00</b>	<b>0.00</b>	<b>9.72</b>	<b>9.43</b>	<b>0.00</b>	<b>0.17</b>	<b>9.60</b>	<b>0.12</b>	<b>0.29</b>	
	<b>Previous Year</b>	<b>9.72</b>	<b>0.00</b>	<b>0.00</b>	<b>9.72</b>	<b>9.10</b>	<b>0.00</b>	<b>0.33</b>	<b>9.43</b>	<b>0.29</b>		
	There is no impairment loss identified for the assets.											

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)			
12	<b>Capital Work-in-Progress</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>		
a.	Plan Expenditure				
i.	TPS-II Expansion				
	Supply and Erection	27.04		2,073.74	
	Capital Goods in Stock	4.20		5.19	
	Expenditure during Construction	3.93		402.66	
	Interest during Construction	0.00	35.17	781.23	3,262.82
ii.	Barsingar Mines and Thermal Power Station				
	Supply and Erection	0.00		0.74	
	Capital Goods in Stock	0.00	0.00	0.47	1.21
iii.	Mine-II Expansion				
	Supply and Erection	0.00		4.59	
	Capital Goods in Stock	1.10		1.01	
	Expenditure during Construction	29.86	30.96	35.50	41.10
iv.	Neyveli New Thermal Plant				
	Supply and Erection	1,625.59		427.97	
	Expenditure during Construction	35.29		8.63	
	Interest during Construction	102.40	1,763.28	33.13	469.73
v.	Wind Power Project				
	Supply and Erection	122.75		130.56	
	Expenditure during Construction	1.47	124.22	0.80	131.36
vi.	Solar Power Project				
	Supply and Erection	0.00		44.43	
	Expenditure during Construction	0.00	0.00	0.06	44.49
b.	Non-plan Expenditure				
	Supply and Erection	268.88		321.96	
	Capital Goods in Stock	29.66		33.88	
	Capital Goods in Transit	0.86	299.40	0.31	356.15
	<b>Total</b>		<b>2,253.03</b>		<b>4,306.86</b>
13	<b>Assets under Development</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>		
	Preliminary Project Expenditure	235.74		132.56	
	Less: provisions	31.30		33.33	
	<b>Total</b>	<b>204.44</b>		<b>99.23</b>	

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
14	<b>Non-current Investments (Unquoted)</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	<b>Trade Investments</b>		
a.	In Equity Shares, fully paid up 1,74,64,30,000 (previous year 1,50,80,20,000) shares of ₹ 10/- each of NLC Tamilnadu Power Ltd. - Subsidiary Company	<b>1,746.43</b>	1,508.02
b.	Pending allotment of Nil (previous year 12,01,50,000) Equity Shares of ₹ 10/- each in NLC Tamilnadu Power Ltd. - Subsidiary Company	<b>0.00</b>	120.15
c.	In Equity Shares, fully paid up 1,27,65,000 shares of ₹10/- each of MNH SHAKTI Ltd. - Joint Venture	<b>12.77</b>	12.77
d.	In Equity Shares, fully paid up 18,99,24,000 shares of ₹10/- each of NUPPL Ltd. - Subsidiary Company	<b>189.92</b>	47.48
e.	Pending allotment of Nil ( previous year 14,24,43,000) Equity Shares of ₹10/- each in NUPPL - Subsidiary Company	<b>0.00</b>	142.44
	<b>Total</b>	<b>1,949.12</b>	<b>1,830.86</b>
15	<b>Long term Loans and Advances</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Loans and Advances-Staff (Secured)	<b>73.54</b>	86.00
b.	Loans and Advances-Staff (Unsecured considered good)	<b>9.37</b>	18.49
c.	Capital Advances (Unsecured - considered good)	<b>287.28</b>	372.37
d.	MAT Credit entitlement	<b>408.15</b>	0.00
	<b>Total</b>	<b>778.34</b>	<b>476.86</b>
16	<b>Other Non-current Assets</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Unsecured considered good	<b>7.49</b>	0.00
b.	Exchange rate Fluctuation Adjustment	<b>97.25</b>	51.12
		<b>104.74</b>	<b>51.12</b>
17	<b>Current Investments (Unquoted)</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	8.5% tax free SLR Power Bonds issued by State Governments	<b>0.00</b>	103.20
	<b>Total</b>	<b>0.00</b>	<b>103.20</b>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
18	<b>Inventories</b> <span style="float: right;"><b>As at 31.03.2016</b></span> <span style="float: right;"><b>As at 31.03.2015</b></span> (As certified by the Management)		
a.	Raw Materials	768.06	406.81
b.	Stores and Spares	461.10	461.24
	Goods-in-transit	50.42	32.34
		511.52	493.58
	Less: Provision for stores & materials	5.45	3.79
c.	Solid/Hollow/Fly Ash Bricks	3.36	2.03
	<b>Total</b>	<b>1,277.49</b>	<b>898.63</b>
d.	Inventory valuation - Inventories are valued at the lower of cost and net realisable value. Cost for these purposes are as follows:		
	(i) Lignite - At absorption cost excluding share of common charges and social overhead.		
	(ii) Stores & Spares - At weighted average acquisition cost.		
	(iii) Fly ash bricks - At absorption cost.		
	(iv) Goods in transit including goods received but pending inspection / acceptance - At cost of acquisition		
	(v) Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
19	<b>Trade Receivables</b> <span style="float: right;"><b>As at 31.03.2016</b></span> <span style="float: right;"><b>As at 31.03.2015</b></span> Unsecured		
a.	Considered Good		
	More than six months	242.83	298.61
	Others	2,817.32	1,983.46
b.	Considered Doubtful	8.77	2.08
		3,068.92	2,284.15
	Less: Provision for Doubtful Debts	8.77	2.08
	<b>Total</b>	<b>3,060.15</b>	<b>2,282.07</b>
20	<b>Cash and Bank Balances</b> <b>Cash and cash equivalents</b> <span style="float: right;"><b>As at 31.03.2016</b></span> <span style="float: right;"><b>As at 31.03.2015</b></span>		
a.	Balances with Scheduled Banks in Current A/c	10.02	67.40
b.	Cash on hand <sup>#</sup>	0.00	0.01
c.	Unpaid Dividend A/c	1.63	1.39
d.	Fixed Deposits		
	I. Deposits		
	i. Short term Deposit	2,755.73	2,840.40
	II. Earmarked Deposits		
	i. Staff Security Deposit	0.01	0.01
	ii. Endowment fund in the name of NLC schools	0.32	0.44
	iii. Mine Closure Deposit*	319.29	272.59
	iv. PRMA Fixed Deposit	56.04	43.86
	v. Short term Deposits for lien for guarantee	14.93	39.37
	<b>Total</b>	<b>3,157.97</b>	<b>3,265.47</b>
	<sup>#</sup> Stamps on hand as on 31.03.2016 - ₹ 42,925/-		
	*In the Name of " Coal Controller Escrow Account NLC Ltd. Mine..."		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
21	<b>Short term Loans and Advances</b> (Recoverable in cash or in kind or for value to be received)	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Secured		
	Staff Advances	11.30	10.14
b.	Unsecured		
i.	Considered good	564.42	1,073.23
ii.	Considered doubtful	2.27	2.25
		577.99	1,085.62
	Less: Provision for doubtful advances	2.27	2.25
		575.72	1,083.37
c.	Advance Income tax	2,155.02	2,037.50
	Less : Provision for taxation	1,695.45	1,697.02
		459.57	340.48
d.	Deposit with Central Excise, Port Trust and Customs authorities	0.12	0.04
		1,035.41	1,423.89
e.	i. Due by Officers	0.05	0.05
	ii. Maximum amount due at any time during the year	0.05	0.05
f.	i. Due by Directors	0.08	0.09
	ii. Maximum amount due at any time during the year	0.09	0.09
g.	i. (i) Due from Subsidiary Companies - (include NTPL Bridge Loan current year ₹ 320 crore previous year ₹ 980.52 crore)	326.22	984.86
	ii. Maximum amount due at any time during the year	989.65	1,084.52
22	<b>Other Current Assets</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Interest accrued	185.93	191.35
b.	Disposable/Dismantled assets, Spares	0.58	0.56
	Less: Provision for impairment of assets	0.12	0.12
		0.46	0.44
c.	Prepaid expenses	3.96	6.49
d.	Deferred Foreign Currency Fluctuation Asset	4.79	0.73
	<b>Total</b>	<b>195.14</b>	<b>199.01</b>
23	<b>Capital Employed</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	Capital Employed shall comprise of Networth long term borrowing but excluding capital work-in-progress and all investment made	16,054.53	12,333.60

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
24	<b>Contingencies and Commitments</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
<b>A.</b>	<b>Contingencies</b>		
1	Claims against the Corporation not acknowledged as debts:		
	i. Differential amount to beneficiaries on account of adopting normal Corporate Tax rate instead of Minimum Alternative Tax rate(MAT) for Return on Equity in power tariff for the year 2012-13, as the company is of the opinion that MAT rate is not applicable. Against the review petition order of the CERC an appeal has been filed before APTEL, which is pending	<b>77.75</b>	55.61
	ii. The review order of the CERC dt 21.01.2016 for refund of additional profit earned by sale of lignite to outside agencies over and above 85% capacity utilisation factor of Mine II Exp & refund of incentive for the excess generation of power over and above the contemplated PLF in TPS II due to inclusion of pooled price of Mine II expansion, against which an appeal has been filed before APTEL, which is pending	<b>657.35</b>	0.00
	iii. The review order of the CERC dt 14.03.2016 regarding disallowance of interest during construction period of Barsingsar TPS, against which the company is in the process of filing an appeal before the APTEL.	<b>65.66</b>	0.00
	iv. From Employees /Others	<b>NQ</b>	NQ
	v. Additional amount payable for the land acquired after 01-01-2014 towards compensation payable under the Right to Fair Compensation and Transparency in land acquisition, Rehabilitation and Resettlement of Act 2013	<b>NQ</b>	NQ
	vi. From Suppliers / Contractors/Customers	<b>1,943.91</b>	1,816.81
	vii. Disputed amount of Income Tax/ST/Other Taxes	<b>1,118.47</b>	1,040.79
	viii. Statutory Authorities	<b>1,222.84</b>	1,162.25
	a) Includes tax payable under Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 of ₹ 852.76 crore (previous year ₹ 856.63 crore) and ₹ 85.43 crore (previous year ₹ 138.71 crore) towards sale of power to distribution Companies and Captive consumption in Mines. However the same is recoverable from the beneficiaries after getting approval from CERC.		



**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
	<p>b) Includes amount of ₹120.00 crore demand from Sub Registrar, Kammapuram, Virudhachalam towards shortfall in stamp duty and registration charges in connection with borrowing from Power Finance Corporation for indenture of mortgage of charges for Loan availed from Power Finance Corporation.</p> <p>c) Includes ₹147.56 crore - The Central Govt in consultation with Bureau of Energy Efficiency has exempted TPS I from Perform, Achieve and Trade (PAT) mechanism of The Energy Conservation Act, 2001 for exceeding energy efficiency targets subject to decommissioning of TPS I by 31-03-2017 and investment of ₹109.05 crore in establishment of renewable energy generating capacity.</p> <p>d) Includes ₹ 4.26 crore towards Land tax case pending with Taxation Board, Ajmer.</p>		
2	Guarantees issued by Company	5.27	4.45
<b>B.</b>	<b>Commitment</b>		
	i. Estimated value of contracts remaining to be executed on capital accounts not provided for	4,129.63	4,473.22
	ii. Commitment for the acquisition of lands	0.00	8.96
	NQ - In view of the various court cases and litigations and claims disputed by the corporation financial impact as to outflow of resources is not quantifiable at this stage.		
25	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of advances and amounts due to creditors are subject to confirmation. However, Power dues and Lignite sale dues are reconciled with Debtors periodically.		
26	<b>Revenue from Operations</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Power	6,258.97	5,589.87
b.	Lignite	401.24	494.24
c.	Miscellaneous	28.57	30.53
		<b>6,688.78</b>	<b>6,114.64</b>
	Less: Excise duty	7.56	9.90
		<b>6,681.22</b>	<b>6,104.74</b>
	Less: Transfer to Capital Expenditure Accounts	12.17	17.06
	<b>Total</b>	<b>6,669.05</b>	<b>6,087.68</b>
d.	Pending determination of power tariff by Central Electricity Regulatory Commission (CERC), sale of power for the year is accounted by adopting provisional tariff as per CERC Regulation, 2014 and provisional lignite price in energy charges is considered as per the guidelines of Ministry of Coal (MOC) dt, 02.01.2015. Due to this, net sales from the operation is in excess of sales invoiced to the extent of ₹ 791.17 crore (previous year ₹ 275.78 crore) for which invoices will be raised on receipt of CERC Order.		
e.	Revision of capacity charges on account of Truingup of Addition to fixed assets for the tariff period 2009-14 will be considered after receipt of CERC Order.		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
27	f. Sale of power includes ₹24.56 crore being the claim on account of amounts in respect of consumption of capital spares and water charges for the financial year 2015-16 and ₹11.38 crore for the financial year 2014-15 for which invoices will be raised on receipt of order from CERC.		
	<b>Other Income</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31.03.2016</b>	<b>31.03.2015</b>
	a. Interest		
	i. Bank Deposit	325.32	418.00
	ii. Employees	13.28	10.13
	iii. Long term Investments	6.58	15.35
	iv. Interest on Mine Closure Deposit	22.62	25.18
	v. Others	50.19	98.29
	b. Recoveries		
	i. Rent	15.59	13.08
	ii. Others	0.53	0.51
	c. Profit on sale of assets	2.00	1.61
	d. Provision written back	4.92	4.04
	e. Surcharge	13.94	81.93
	f. Miscellaneous	94.43	59.57
		<u>549.40</u>	<u>727.69</u>
	Less: Transfer to Capital Expenditure	9.46	1.79
	Less: Transfer to Mine Closure Liability (Net of Income Taxes)	14.79	16.61
	<b>Total</b>	<u>525.15</u>	<u>709.29</u>
	g. As per the accounting policy of the Corporation, surcharge recoverable from beneficiaries on the belated settlement of the power bill, amounting to ₹28.32 crore for the year (previous year ₹17.52 crore) has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.		
28	<b>Increase(-)/Decrease in Stock</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31.03.2016</b>	<b>31.03.2015</b>
	a. OPENING STOCK		
	Raw Material		
	Lignite	406.81	202.15
		<u>406.81</u>	<u>202.15</u>
	b. CLOSING STOCK		
	Raw Material		
	Lignite	768.06	406.81
		<u>768.06</u>	<u>406.81</u>
	Increase (-) /Decrease in Stock	<u>-361.25</u>	<u>-204.66</u>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
29	<b>Employee Benefits Expense</b>	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
a.	Salaries, Wages and Incentives	1,861.66 1,861.88
b.	Contribution to Provident and other funds	307.00 286.94
c.	Gratuity	-7.30 31.32
d.	Welfare expenses	111.39 104.70
		<u>2,272.75</u> <u>2,284.84</u>
	Less: Transfer to Capital Expenditure	33.24 48.59
	Less: Transfer to CSR Expenditure	17.26 18.87
	<b>Total</b>	<b><u>2,222.25</u> <u>2,217.38</u></b>
e.	Disclosure under Accounting Standard-15 on Employee benefits:	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
1.	Disclosure in respect of defined benefit obligations in respect of Gratuity Fund:	
i.	The actuarial gain or losses will be recognised in the year of occurrence.	
ii.	The LIC Group Gratuity Fund maintains the defined benefit plan Contribution is made to the fund based on the actuarial valuation done at the year-end	
iii.	The amounts recognised in the Balance Sheet are as follows:	
	Present value of funded obligations	813.41 831.26
	Fair value of Plan assets	820.47 802.76
	Unrecognised past service cost	0.00 0.00
	Net liability in the Balance Sheet	0.00 28.50
iv.	The amounts recognised in the Statement of Profit and Loss are as follows:	
	Current service cost	17.59 11.86
	Interest on obligation	66.50 62.76
	Expected return on plan assets	-70.23 -71.21
	Net actuarial losses (gains) recognised in the year	-9.78 25.92
	Total included in Employee benefit expense	4.08 29.33
	Actual return on plan assets	92.17 71.21
v.	Changes in the present value of the defined benefit obligation:	
	Opening defined benefit obligation	831.27 784.39
	Service cost	17.59 11.86
	Interest cost	66.50 62.76
	Actuarial losses (gains)	-9.78 25.92
	Benefits paid	-92.17 -53.67
	Closing defined benefit obligation	813.41 831.26



## Notes to the Financial Statement

Sl. No.	Particulars	(₹ in crore)

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
31	<b>Depreciation and Amortisation Expenses</b>	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
a.	Fixed Assets	603.56    425.32
b.	Mine Development and other Amortisations	42.99    41.02
		<u>646.55</u> <u>466.34</u>
	Less: Transfer to Capital Expenditure Accounts	3.01    5.73
	Transfer of carrying amount of fixed assets whose useful life served before 01-04-2014 to general reserve	0.00    44.92
	Transfer from Grants	0.90    0.15
	Deferred Foreign currency fluctuation liability	43.41    -25.08
		<u>599.23</u> <u>440.62</u>
32	<b>Other Expenses</b>	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
	Consumption of Stores and Spares	535.49    632.69
	Fuel	89.59    110.32
	Mine closure	33.16    31.58
	Excise duty	75.21    67.51
	Rent	0.90    0.88
	Rates and taxes	
	Electricity tax	0.95    1.54
	Clean energy cess	648.05    288.87
	Others	3.07    3.41
	Wealth Tax	0.08    0.40
	Repairs and Maintenance	
	Plant and Machinery	180.21    200.97
	Buildings	16.04    10.87
	Others	327.62    264.76
	Overburden Removal Expenditure	157.02    80.27
	Insurance	7.63    7.59
	Payments to auditors	
	Audit fees	0.26    0.20
	Tax Audit fees	0.11    0.13
	Other Certification Fees	0.34    0.24
	Reimbursement of expenses	0.21    0.30
	Travelling expenses	18.14    16.03
	Carried forward	<u>2,094.08</u> <u>1,718.56</u>



## Notes to the Financial Statement

Sl. No.	Particulars		(₹ in crore)
		For the year ended 31.03.2016	For the year ended 31.03.2015
	Brought forward	2,094.08	1,718.56
	Training expenses	9.52	5.76
	Family Welfare expenses	5.72	4.08
	Selling expenses - Discounts	20.54	30.44
	Afforestation expenses	13.53	11.87
	Royalty	289.94	264.36
	Central Industrial Security Force expenses	93.17	81.59
	Corporate Social Responsibility expenses	81.93	47.49
	Miscellaneous expenses	61.40	45.24
	Loss on disposal of assets	0.03	0.05
	Fixed assets written off/discarded	0.06	0.00
	Provision for Contingencies	2.11	3.30
	Provision for Stores & Materials	1.66	0.37
	Provision for Doubtful debts/advances	6.65	0.04
	Provision for Preliminary expenses	1.81	0.30
		2,682.15	2,213.45
	Less: Transfer to Capital Expenditure Accounts	52.67	34.19
	Transfer from Grant	-0.22	0.51
	<b>Total</b>	<b>2,629.70</b>	<b>2,178.75</b>
33	<b>Prior Period Adjustments (Net)</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Depreciation	0.00	- 4.15
b.	Repairs and Maintenance	2.05	1.77
c.	Consumption of Stores and Spares	0.00	- 9.08
d.	Liability for Mine closure	0.00	42.17
e.	Other Income transfer to Liability	0.00	- 8.65
f.	Exchange Rate Variation	-2.00	10.47
		0.05	32.53
	(-) Indicates income		
34	<b>Expenses Capitalised</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Lignite Consumption during construction	23.27	40.81
b.	Power Consumption during construction	1.54	0.45
c.	Service charges	11.29	6.38
d.	Land Acquisition expenses	2.30	7.40
	<b>Total</b>	<b>38.40</b>	<b>55.04</b>



**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
35	<b>Exceptional Items</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Power Sales	0.00	346.69
b.	Lignite Sales	0.00	2.19
c.	Employee remuneration - VRS compensation	- 28.38	0.00
d.	Other expenses - royalty	0.00	- 3.30
e.	Miscellaneous Income	0.00	- 0.01
	<b>Total</b>	<b>- 28.38</b>	<b>345.57</b>
	(-) indicates Expenditure		
f.	₹ 28.38 crore (previous year Nil) being the expenditure incurred in respect of employees who have been relieved under Voluntary Retirement Scheme (VRS).		
36	<b>Earnings Per Share</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Profit after tax	1,204.15	1,579.68
b.	Number of Shares	1,67,77,09,600	1,67,77,09,600
c.	Face Value of Share (₹)	10.00	10.00
d.	Earning Per Share - Basic and Diluted (₹)	7.18	9.42
37	<b>The effect of Foreign Exchange Fluctuation</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	The amount of exchange rate difference debited/ (credited) to the Profit & Loss Account	0.03	- 2.60
b.	The amount of exchange rate difference adjusted and debited /(credited) to the carrying amount of fixed assets & WIP	61.94	- 130.02
38	As per the Guidance Note on Rate Regulated Activity issued by ICAI , exchange rate difference (on account of restatement of foreign currency borrowing) recoverable from or payable to the beneficiaries in subsequent years as per CERC Tariff regulations and MoC guidelines on Lignite Transfer price are accounted as Deferred foreign currency fluctuation asset / liability. Accordingly necessary adjustment is made in the current year in depreciation and interest expenditure.		
39	<b>Expenditure Incurred on Research &amp; Development</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Capital expenditure	1.28	1.25
b.	Revenue expenditure	12.54	11.91

**Notes to the Financial Statement**

Sl. No.	Particulars		(₹ in crore)			
40		<b>Profit Appropriation</b>	<b>For the year ended 31.03.2016</b>	For the year ended 31.03.2015		
	a.	Surplus brought forward from previous year	<b>11,349.63</b>	10,622.24		
	b.	Profit after tax	<b>1,204.15</b>	1,579.68		
	c.	Transfer to/from Interest Differential Fund Reserve	<b>-15.00</b>	- 11.81		
	d.	Transfer to Bond Redemption Reserve	<b>-15.00</b>	- 15.00		
	e.	Transfer to General Reserve	<b>-120.00</b>	- 160.00		
	f.	Transfer to Contingency Reserve	<b>-10.00</b>	- 10.00		
	g.	Transfer to PRMA Reserve Fund	<b>-12.18</b>	- 43.86		
	h.	Interim Dividend	<b>-301.99</b>	- 301.99		
	i.	Tax on Interim Dividend	<b>-60.53</b>	- 61.83		
	j.	Proposed Final Dividend	<b>-201.33</b>	- 167.77		
	k.	Tax on Proposed Final Dividend	<b>-40.97</b>	- 35.11		
	l.	Transfer of carrying amount of fixed assets whose useful life served before 01-04-2014 to general reserve	<b>0.00</b>	- 44.92		
		<b>Surplus carried to Balance Sheet</b>	<b>11,776.78</b>	11,349.63		
41	<b>Details of Contingency Provisions</b>	As at 01.04.2015	Additions	Withdrawal	<b>As at 31.03.2016</b>	
	a.	Interest on disputed tax deducted at source	16.60	0.00	0.00	<b>16.60</b>
	b.	Power Tariff adjustment - Deemed export benefit	22.79	2.11	0.00	<b>24.90</b>
	c.	Miscellaneous provision	0.97	0.00	0.00	<b>0.97</b>
		<b>Total</b>	40.36	2.11	0.00	<b>42.47</b>
	42	<b>Details of Other Provisions</b>	As at 01.04.2015	Additions	Withdrawal	<b>As at 31.03.2016</b>
a.		Provision for Asset Under development	33.33	1.81	3.84	<b>31.30</b>
b.		Provision for loss on Assets	1.29	0.00	0.00	<b>1.29</b>
c.		Provision for Stores and Material	3.79	1.66	0.00	<b>5.45</b>
d.		Provision for Loans and Advances	2.25	0.02	0.00	<b>2.27</b>
e.		Provision for Sundry Debtors	2.08	6.69	0.00	<b>8.77</b>
		<b>Total</b>	42.74	10.18	3.84	<b>49.08</b>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
43	<b>Consumption of Raw Material and Spare Parts</b> <div> <div>For the year ended 31.03.2016</div> <div>For the year ended 31.03.2015</div> </div>	
	a. Value of Indigenous and Imported Spares consumed	
	INDIGENOUS	
	Spare parts	348.19
	Percentage	94.68%
	b. IMPORTED	
	Spare parts	19.57
	Percentage	5.32%
44	<b>Remuneration to Directors</b> <div> <div>For the year ended 31.03.2016</div> <div>For the year ended 31.03.2015</div> </div>	
	a. Salaries	1.11
	b. Contribution to Provident and other funds	0.30
	c. Cost of Benefits	1.09
	d. Sitting fees paid to Independent Directors	0.02
45	<b>C.I.F. Value of Imports</b> <div> <div>For the year ended 31.03.2016</div> <div>For the year ended 31.03.2015</div> </div>	
	a. Capital Goods	0.00
	b. Components and spares	17.86
46	<b>Expenditure in Foreign Currency</b> <div> <div>For the year ended 31.03.2016</div> <div>For the year ended 31.03.2015</div> </div>	
	a. Travelling expenses	0.35
	b. Professional and Consultancy	0.00
	c. Interest charges	3.33
47	Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below: <div> <div>a. List of related parties: (a) Key Management Personnel:</div> <div> <div>Shri B. Surender Mohan - Chairman-cum-Managing Director up to 30.09.2015</div> <div>Shri Sarat Kumar Acharya - Chairman and Managing Director w.e.f. 01.10.2015</div> </div> <div> <div><b>Directors</b></div> <div> <div>Shri. Sarat Kumar Acharya</div> <div>Shri. S. Rajagopal</div> <div>Shri. Azad Singh Toor</div> <div>Shri. Rakesh Kumar</div> <div>Shri S. Boopathy</div> <div>Shri. K. Madhavan Nair</div> <div>Shri. Subir Das</div> <div>Smt. Sujatha Prasad</div> <div>Shri. Rajesh Lakhoni</div> <div>Shri. V. Thangapandian</div> <div>Shri. N.S. Palaniappan</div> <div>Dr. A.K. Dubey</div> <div>Shri. P. Selvakumar</div> <div>Shri. Chandra Prakash Singh</div> <div>Shri. C.V. Sankar</div> </div> <div> <div>Shri. Rakesh Kumar, Chief Financial Officer</div> <div>Shri. K. Viswanath, Company Secretary</div> </div> </div> </div>	
	b. Remuneration to Key Managerial Personnel listed in (a) above: ₹ 2.79 crore (Previous Year ₹ 2.55 crore).	

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
48	Disclosure in accordance with the Accounting Standard-24 towards discontinued operations:		
a.	Discontinuing operation : Thermal Power Station I		
b.	Business Segment : Power		
c.	Date and nature of initial disclosure of event : On 3rd June 2014, it was communicated that TPS-I will be retired on commissioning of Neyveli New Thermal Power Project.		
d.	Date of discontinuation : Likely from Oct.2017 to April 2018		
		<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
e.	Total Assets as on	<b>1,087.39</b>	842.96
f.	Total Liabilities as on	<b>91.07</b>	60.99
g.	Revenue for the year ended	<b>1,395.59</b>	1,711.90
h.	Expenses for the year ended	<b>1,432.21</b>	1,711.49
i.	Profit Before Tax	<b>- 36.62</b>	0.41
j.	Net Cashflow attributable to :		
	Operating activities	<b>7.28</b>	0.36
	Investing activities	<b>- 0.97</b>	- 3.39
	Financing activities	<b>- 6.31</b>	3.01
k.	New higher capacity of Neyveli New Thermal Power Project of 1000 MW under implementation would be commissioned as replacement to TPS I		
l.	Salaries and wages are included in the expenses in order to arrive the operating profit before tax		
m.	Total assets includes net current assets		
49	Disclosure in respect of the interests in Joint Venture as per Accounting standard -27 is furnished as under:		
a.	Company Name : M/s. MNH Shakti Limited		
b.	Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Odisha.		
		<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
c.	Joint Venture/Interest :		
i.	M/s. Mahanadi Coalfields Limited	<b>70%</b>	70%
ii.	M/s. Neyveli Lignite Corporation Limited	<b>15%</b>	15%
iii.	M/s. Hindalco Industries Limited	<b>15%</b>	15%
d.	Share of Interest in the Joint Venture:		
(i)	Non Current assets	<b>7.12</b>	7.42
(ii)	Current assets	<b>5.74</b>	5.36
(iii)	Current Liability	<b>0.18</b>	0.10
(iv)	Reserve & Surplus	<b>- 0.08</b>	- 0.08
(v)	Income	<b>Nil</b>	Nil
(vi)	Expenditure	<b>Nil</b>	Nil
50	Figures of the previous year have been re-grouped wherever necessary		

**Notes to the Financial Statement**

Sl. No.	Particulars								(₹ in crore)
51	<b>Segment-wise Result for the year 2015-16</b>								
		<b>Lignite Mining</b>		<b>Power Generation</b>		<b>Inter-segment adjustment</b>		<b>Total</b>	
		For the year ended		For the year ended		For the year ended		For the year ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	<b>REVENUE</b>								
	External Sales	401.05	493.22	6268.00	5594.46			6669.05	6087.68
	Inter-segment sales	4940.90	4182.08	416.39	335.04	5357.29	4517.12		
	Total Revenue	5341.95	4675.30	6684.39	5929.50	5357.29	4517.12	6669.05	6087.68
	<b>RESULT</b>								
	Segment Result	1530.49	1240.54	408.72	578.49			1939.21	1819.03
	Other Income							102.24	56.37
	Unallocated Corporate expenses							316.87	297.93
	Operating Profit							1724.58	1577.47
	Interest Expense							188.36	156.06
	Interest Income							417.99	648.88
	Exceptional Items							-28.38	345.57
	Income taxes							721.73	803.65
	Profit from Ordinary activities							1204.10	1612.21
	Prior period / Income / Expenditure (Net)							0.05	-32.53
	Net Profit							1204.15	1579.68
	<b>OTHER INFORMATION</b>	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
	Segment Assets	5608.09	5192.06	8838.31	5157.08			14446.41	10349.13
	Unallocated Corporate assets(Including Capital Work-in Progress)							9223.65	11013.73
	Total Assets							23670.06	21362.86
	Segment liabilities	1320.05	1017.60	529.21	475.14			1849.27	1492.74
	Unallocated Corporate liabilities							6352.15	4998.44
	Total liabilities							8201.42	6491.18
	Capital Expenditure	416.82	313.09	-57.67	-63.06			359.15	250.03
	Depreciation	295.33	195.36	316.77	175.95			612.10	371.31
	Non-cash expenses other than depreciation	6.66	0.00	0.01	2.73			6.67	2.73
Note: 1. Since the business operation is within India the secondary disclosure does not arise. 2. The inter-segment transfers are priced on cost plus profit basis. 3. Allocation of <ul style="list-style-type: none"> <li>i. Storage charges on the basis of material consumption</li> <li>ii. Common charges and social overhead on the basis of salaries &amp; wages and</li> <li>iii. Service Centres Assets &amp; Liabilities are apportioned among the segments on the basis of the service rendered.</li> </ul>									

## Information on Subsidiary Companies

### Statement pursuant to Section 129, Companies Act, 2013 (Schedule III)

Name of the entity (1)	Net Assets i.e. Total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets (2)	Amount ₹ in crore (3)	As a % of consolidated profit or loss (4)	Amount ₹ in crore (5)
<b>Parent Subsidiaries</b>				
1. NLC Tamilnadu Power Limited	11.28%	1,802.21	89%	(142.43)
2. Neyveli Uttar Pradesh Power Limited	3.95%	631.08	51%	Nil
Minority Interest in all Subsidiaries		640.42		Nil
<b>Joint Venture (As per proportionate consolidation method)</b>				
3. MNH Shakti Limited	0.08%	12.69	15%	Nil



### Part "A": Subsidiaries

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (accounts) Rules 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint ventures

1	Sl.No	₹ in crore	
		1	2
2	Name of the Subsidiary	NLC Tamilnadu Power Limited	Neyveli Uttar Pradesh Power Limited
3	Reporting Period	2015-16	2015-16
4	Reporting Currency	INR	INR
5	Share Capital	1962.27	372.40
6	Reserves and Surplus	-160.07	-2.00
7	Total Assets	7709.03	632.49
8	Total Liabilities	5906.82	1.41
9	Investments	0.00	0.00
10	Turnover	1227.96	0.00
11	Profit before taxation	-244.73	0.00
12	Provision for taxation	-84.69	0.00
13	Profit after taxation	-160.03	0.00
14	Proposed Dividend	0.00	0.00
15	% of Shareholding	89%	51%
	Remarks	Unit I & Unit II of NTPL Power Plant achieved COD on 18.06.2015 and 29.08.2015 respectively	Yet to commence the operations

For and on behalf of the Board

**K. VISWANATH**  
 COMPANY SECRETARY  
 Place: Chennai

**RAKESH KUMAR**  
 CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
 CHAIRMAN AND MANAGING DIRECTOR  
 Date: 26.05.2016

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
 Chartered Accountants  
 Firm Regn. No. 004721S

**P.B. Srinivasan**  
 Partner  
 M.No.: 203774

Place : Chennai

For **M/s. CHANDRAN & RAMAN**  
 Chartered Accountants  
 Firm Regn No. 000571S

**S. Pattabiraman**  
 Partner  
 M.No.: 014309

Date : 26.05.2016

## Part "B": Associates and Joint Venture

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules 2014 related to joint venture

1	Name of the Joint Venture	MNH Shakti Limited
2	Share of the Joint venture held by the Company on the year end	12765000
3	Amount of investment in Joint Venture ₹ in crores	12.77
4	Extent of holding	15%
5	Description of how there is significant influence	By way of shareholding
6	Reason why the Joint venture is not consolidated	NA
7	Networth attributable to shareholding as per latest audited Balance Sheet ₹ in crores	9.41
8	Profit / Loss for the year	
	i) Considered for consolidation	Yes
	ii) Not Considered for consolidation	NA
9	Remarks	

For and on behalf of the Board

**K. VISWANATH**  
COMPANY SECRETARY  
Place: Chennai

**RAKESH KUMAR**  
CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
CHAIRMAN AND MANAGING DIRECTOR  
Date: 26.05.2016

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

Place : Chennai

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Date : 26.05.2016

**M/s. P.B. VIJAYARAGHAVAN & CO.,**  
**Chartered Accountants,**  
**14/27, Cathedral Garden Road,**  
**Nungambakkam,**  
**Chennai - 600 034.**

**M/S. CHANDRAN & RAMAN,**  
**Chartered Accountants,**  
**Paragon No. 2, Dr. Radhakrishnan Salai,**  
**2<sup>nd</sup> Street, Mylapore,**  
**Chennai – 600 004.**

## **Independent Auditors' Report**

**To**  
**The Members of Neyveli Lignite Corporation Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s. NEYVELI LIGNITE CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and 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 the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

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

### **Emphasis of Matter**

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No: 23(A)(1)(i) to the financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternate Tax rate for calculation of Return on Equity in tariff fixation under Central Electricity Regulatory Commission (CERC) regulation.
- b) Note No: 23(A)(1)(ii) to the financial statements regarding the review order of Central Electricity Regulatory Commission (CERC) dated 21.01.2016 for refund of additional profit earned by sale of lignite to outside agencies over and above 85% capacity utilisation factor of Mine II Expansion and refund of incentive for the excess generation of power over and above the contemplated PLF in TPS II due to inclusion of pooled price of Mine II Expansion.
- c) Note No: 23(A)(1)(iii) to the financial statements regarding the order of the Central Electricity Regulatory Commission (CERC) dated 14.03.2016 regarding disallowance of interest during construction period of Barsingsar Thermal Power Station.
- d) Note No: 25(d) to the financial statements regarding Power tariff that final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.

Our opinion is not modified in respect of these matters.

### **Other Matters**

We did not audit the financial statements of TWO (2) subsidiaries, and ONE (1) jointly controlled entities, whose financial statements reflect total assets of ₹ 8,427.27 crore as at 31<sup>st</sup> March, 2016, total revenues of ₹ 1,234.44 crore and net cash flows amounting to ₹ 149.22 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 160.03 crore for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of THREE (3) associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.



Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) As per the Notification No. G.S.R. 829(E) dated 21.10.2003, issued U/s. 620(1) of the Companies Act, 1956 and read with Section 465(2) of Companies Act, 2013, Sub-section (2) of Section 164 of the Companies Act, 2013 is not applicable to Government Companies.
  - (f) With respect to the adequacy of internal financial control systems and the operating effectiveness of such controls, we give our Report in Annexure – I.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 23 to the consolidated financial statements.
    - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.
2. As required by section 143(5) of the Companies Act, 2013, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India is given in Annexure – II

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## **Annexure – I to Independent Auditors' Report**

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

In conjunction with our audit of the consolidated financial statements of the Company as and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of M/S. NEYVELI LIGNITE CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records



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

### **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 Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, 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, 2016, 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.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to TWO (2) subsidiary Companies and ONE (1) jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## Annexure – II to Independent Auditors' Report

Comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India

1. In respect of the Group, the holding Company has been acquiring land through Government of Tamil Nadu.  
As per the legal opinion obtained by the Company as regards the clear title the position is as under –

Period during which land was acquired	Statute under which the land was acquired	Mode of acquisition	Nature of ownership
From incorporation to 1977	The Land Acquisition Act, 1894	Assignment Deeds	Conditional Ownership
1978 to 1996	The Land Acquisition Act, 1894	Government Notifications	Absolute owner of the land
1997 to 2001	The Tamil Nadu Acquisition of Land for Industrial Purposes Act, 1997	Government Notifications	Conditional Ownership
2001 to 31.03.2016	The Tamil Nadu Acquisition of Land for Industrial Purposes Act, 1997	Government Notifications	Absolute owner of the land

In the case of subsidiaries and jointly controlled entity the Companies have clear title over the land owned by it.

2. During the year under audit, there were no cases of waiver/write off of debts/loans/interest etc., in respect of the Group and of its associates and jointly controlled entity.
3. There are no cases of inventories lying with third parties or assets received as gifts/grants from the Government or other authorities in respect of the Group and of its associates and jointly controlled entity.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016



**M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants,  
14/27, Cathedral Garden Road,  
Nungambakkam,  
Chennai - 600 034.

**M/S. CHANDRAN & RAMAN,**  
Chartered Accountants,  
Paragon No. 2, Dr. Radhakrishnan Salai,  
2<sup>nd</sup> Street, Mylapore,  
Chennai - 600 004.

## **Independent Auditors' Report on the Abridged Financial Statements of Neyveli Lignite Corporation Ltd.**

**To**

### **The Members of Neyveli Lignite Corporation Limited**

The accompanying abridged consolidated financial statements, which comprise the abridged consolidated balance sheet as at March 31, 2016, the abridged consolidated statement of profit & loss, and abridged consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of NEYVELI LIGNITE CORPORATION LIMITED for the year ended March 31, 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated May 26, 2016.

Those consolidated financial statements, and the abridged consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in section 133 of the Companies Act, 2013 ("the Act") applied in the preparation of the audited consolidated financial statements of Neyveli Lignite Corporation Limited. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Neyveli Lignite Corporation Limited.

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

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Accounting Standards referred to in section 133 of the Companies Act, 2013 ("the Act") and accounting principles generally accepted in India.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

### **Opinion**

In our opinion, the abridged consolidated financial statements derived from the audited consolidated financial statements of Neyveli Lignite Corporation Limited for the year ended March 31, 2016 are a fair summary of those consolidated financial statements, in accordance with Accounting Standards referred to in section 133 of the Companies Act, 2013 ("the Act") and accounting principles generally accepted in India.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No: 23(A)(1)(i) to the financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternate Tax rate for calculation of Return on Equity in tariff fixation under Central Electricity Regulatory Commission (CERC) regulation.
- b) Note No: 23(A)(1)(ii) to the financial statements regarding the review order of Central Electricity Regulatory Commission (CERC) dated 21.01.2016 for refund of additional profit earned by sale of lignite to outside agencies over and above 85% capacity utilisation factor of Mine II Expansion and refund of incentive for the excess generation of power over and above the contemplated PLF in TPS II due to inclusion of pooled price of Mine II Expansion.
- c) Note No: 23(A)(1)(iii) to the financial statements regarding the order of the Central Electricity Regulatory Commission (CERC) dated 14.03.2016 regarding disallowance of interest during construction period of Barsingsar Thermal Power Station.
- d) Note No: 25(d) to the financial statements regarding Power tariff that final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.

Our opinion is not modified in respect of these matters.

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai  
Date : 26.05.2016

## Consolidated Significant Accounting Policies

### I. Principles of Consolidation

The Consolidated Financial Statements of the Group are prepared in accordance with Accounting Standard -21 "Consolidated Financial Statements" and Accounting Standard -27 "Financial Reporting of Interests in Joint Ventures".

The Financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions and adopting uniform accounting policies.

The Financial Statements of the jointly controlled entity are proportionately consolidated. The share of interest in each item of Balance Sheet and Profit and Loss Account is separately shown.

### II. Basis of Accounting

The financial statements are prepared on accrual basis of accounting under historical cost convention, in accordance with generally accepted accounting principles, accounting standards, the relevant provisions of the Companies Act, 2013 and Electricity Act, 2003 to the extent applicable.

### III. Fixed Assets

- Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction / acquisition and necessary adjustments in the year of final settlement. Administrative overhead expenses attributable to construction of fixed assets incurred till they are ready for their intended use are identified and allocated on a systematic basis to the cost of related asset.
- Land for mining in Tamilnadu is acquired in accordance with and subject to the provisions of Land Acquisition Act 1894 and Tamilnadu Acquisition of Land for Industrial Purpose Act 1997 read with the Right to fair Compensation and transparency in land Acquisition, Rehabilitation and Resettlement Act, 2013. Capitalisation of land is done with reference to the date of taking over the physical possession of land.

### IV. Depreciation

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

	Description of Assets covered	Basis
i.	a) Assets of Thermal Power Stations and Wind Turbine Generators and Solar Power plant excluding vehicles other than Ash Tippers. b) LEP assets	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. At residuary life of 15 years
ii.	Residential Buildings - III Class	At rates prescribed by Department of Public Enterprises.
iii.	Buildings : Non-residential Buildings Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC &SWC pipes and Civil construction machinery.	At technically assessed rates.
iv.	Specialised Mining Equipment : Commissioned on or after 31.08.2007	At technically assessed rates as approved by Ministry of Corporate Affairs in August 2007.
v.	Other Assets and Specialised Mining Equipments commissioned before 31.08.2007	At useful life prescribed in Schedule II of the Companies Act, 2013.

Rates under (ii) and (iii) above are followed so long as they are higher than the useful life covered under base (v).

2. A part of the asset having original cost more than 25% of the original cost of the whole of the asset is considered as significant part of the asset. Significant parts whose useful life is different from that of the whole of the asset, such significant part is determined separately and accordingly depreciated over its useful life.
3. Fixed assets relating to Research and Development are depreciated in a like manner as any other fixed asset of the Company.
4. In the year of commissioning/retirement of assets, depreciation is calculated on pro-rata basis, based on the number of months for which asset has been put to use.
5. Assets costing up to ₹ 5000/- are fully depreciated in the year in which they are put to use.
6. Amortisation of Mine Development Account:

Over burden removal costs are classified under mine development account till achievement of quantity para-meters as approved for each Project. Such amounts are amortised as depreciation on the basis of annual Lignite production to the total estimated mineable reserves, reckoning from the year in which regular lignite production is commenced after achievement of mine development.

7. Machinery Spares:

Initial spares purchased along with fixed assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the fixed assets costing ₹ 50 lakh and above which can be used only in connection with an item of Fixed Asset and whose usage are expected to be irregular are fully depreciated over the residual useful life of the Fixed Assets and if the spare is utilised, the carrying cost is fully charged as depreciation in the year of utilisation.

## V. Intangible Assets

### a. Computer Software:

- i. Application Software acquired for an amount more than ₹ 10 lakh are capitalised as intangible assets and amortised over a period of 5 years.
- ii. Computer Application Software acquired for an amount of less than ₹10 lakh are fully depreciated in the year in which it has been acquired

### b. Research & Development (Internally generated Projects):

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

## VI. Inventory Valuation

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

The basis of cost:

- i. Lignite: - At absorption cost, excluding share of common charges and social overhead.
- ii. Stores and Spares procured: - At weighted average acquisition cost.
- iii. Fly ash brick – at absorption cost.
- iv. Waste product, used belts reconditioned, Stores and spares discarded for disposal, medicine and canteen stores are taken at NIL value.
- v. Goods in Transit including goods received but pending inspection/acceptance are valued at cost.
- vi. Fuel such as Light Diesel Oil, Heavy Furnace Oil, Coal are valued at weighted average cost basis.



## **VII. Mine Closure Expenditure**

Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

## **VIII. Prepaid Expenses**

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

## **IX. Investments**

Long term investments are carried at cost. Provision is made for diminution if any, other than temporary, in the value of such investments.

## **X. Preliminary Project Expenditure**

Preliminary Project Expenditure includes expenditure on feasibility studies documentation of data, other development expenditure, expenditure on exploratory works, technical know how etc., to be added to the capital cost of the project, as and when implemented. In case such projects are identified for transfer of business by the Govt. of India, the expenditure incurred will be recovered from the prospective buyer. If the projects are abandoned with reference to Government orders or cannot be implemented such expenditures are charged to Profit & Loss Account in the respective years.

## **XI. Accounting for Grants**

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

## **XII. Reserves and Surplus**

### **Interest Differential Reserve**

Interest Differential Reserve created as provided in the Loan Agreement entered into with KfW has debt discharging effect, and is utilised in accordance with the terms of the Loan Agreement and such utilisation is shown as withdrawal from the Reserve.

## **XIII. Employee Benefits**

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

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

#### **XIV. Allocation of Common Charges / Social Overhead Expenses**

These are allocated to production units based on salaries and wages of these units.

#### **XV. Prior period and Extra-ordinary items**

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

#### **XVI. Significant events occurring after the Balance Sheet date**

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

#### **XVII. Revenue Recognition**

- a) Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.
- b) Exchange differences on account of translation of foreign currency borrowings recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are accounted as 'Deferred foreign currency fluctuation asset/liability'. The increase or decrease in depreciation/interest for the year due to the accounting of such exchange differences as per accounting policy no.XVII below is adjusted in depreciation/interest.
- c) Claims due from beneficiaries which do not fall within the tariff rate fixation norms (other than reimbursement on account of Exchange Rate Variation on repayment of loans) is recognised as income in the year of incurring of the expenditure and final adjustments, if any, will be accounted on receipt of order from CERC.
- d) Revenue from sale of solar energy and wind energy is recognised in accordance with the price agreed under the provisions of the power purchase agreement entered into with Beneficiaries. Such revenue is recognised on the basis of actual units generated and transmitted.
- e) Sale of Lignite, in respect of e-auction sales has been reckoned to the extent of amount received and for others on accrual basis.
- f) Claim towards insurance, surcharge on belated settlement of power bills and interest including delayed payment of income tax recoverable are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realisation as the case may be.
- g) Cash discounts for prompt payments are accounted as and when the related dues are settled.

#### **XVIII. Foreign Exchange transactions**

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

#### **XIX. Accounting for taxes on income**

Tax expense comprises of current and deferred tax. Current tax is the amount of tax payable in respect of taxable income for the period measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Deferred tax is recognised on timing difference between

accounting income and taxable income that originate in one period and are capable of being reversed in one or more subsequent periods, subject to consideration of prudence. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are reviewed at each Balance Sheet date.

## **XX. Borrowing Cost**

Borrowing costs (net of interest earned on temporary investments) specifically attributable to the assets are capitalised along with the cost of such assets and where the borrowings are not specific, weighted average interest cost is capitalised to the qualifying assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

## **XXI. Construction Projects**

### **1. Capitalisation and Depreciation Provision**

#### **A. Specialised Mining Equipment**

Successful completion of eight effective working hours on load test excluding minor stoppage is the criteria followed in respect of the assets covering Specialised Mining Equipment System namely Bucket Wheel Excavator, Conveyor, Tripper, Transfer Feeder and Spreader for capitalisation and commencement of depreciation charge and revenue recognition. The entire test shall be completed within twelve hours from the time of starting of the test including minor stoppages.

#### **B. Power Generation Unit**

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

#### **C. Wind Turbine Generators (WTG)**

Each WTG will be capitalized on the date on which it is connected to grid based on the commissioning certificate issued by TANGEDCO. Depreciation charges will start from the date of capitalisation.

#### **D. Solar Project**

Solar Power Plant will be capitalised on the date on which it is connected to grid.

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

## **XXII. Provisions and Contingent liability**

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. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date.

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

## **XXIII. Life Extension Programme of Thermal Stations**

Expenditure on Life Extension Programme (LEP) of Fixed Assets resulting in increased life and/or efficiency of an existing asset is added to the carrying cost of related asset and depreciated over the estimated life of the unit from the date of synchronisation.

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

(₹ in crore)

	Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	a) Share Capital	1	1,677.71	1,677.71
	b) Reserves and Surplus	2	13,647.38	13,190.46
	<b>Minority Interest</b>		640.42	367.87
	<b>(2) Grants</b>	3	6.35	7.33
	<b>(3) Non-current Liabilities</b>			
	a) Long term borrowings	4	7,050.11	6,010.76
	b) Deferred tax liability - Net	5	1,648.73	1,010.10
	c) Other Long term liabilities	6	1,188.64	949.40
	<b>(4) Current Liabilities</b>			
	a) Short Term Borrowings	7	521.82	0.09
	b) Trade payables	8	1,172.70	636.94
	c) Other current liabilities	9	1,685.90	1,479.66
	d) Short term provisions	10	424.65	422.11
	<b>Total</b>		<b>29,664.41</b>	<b>25,752.43</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>(1) Non-current assets</b>			
	a) Fixed Assets			
	(i) Tangible assets	11	16,330.43	6,654.29
	(ii) Intangible assets	12	0.12	0.29
	(iii) Capital work-in-progress	13	2,334.31	10,867.20
	(iv) Assets under development	14	210.88	117.62
	b) Long term loans and advances	15	783.14	486.88
	c) Other Non-current assets	16	104.74	51.12
	<b>(2) Current Assets</b>			
	a) Current Investments	17	0.00	103.20
	b) Inventories	18	1,491.78	898.63
	c) Trade receivables	19	3,787.11	2,282.07
	d) Cash and Bank balances	20	3,619.98	3,577.60
	e) Short term loans and advances	21	806.50	514.38
	f) Other current assets	22	195.42	199.15
	<b>Total</b>		<b>29,664.41</b>	<b>25,752.43</b>

Notes to the Financial Statement and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

**K. VISWANATH**  
COMPANY SECRETARY

**RAKESH KUMAR**  
CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 26.05.2016

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

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn. No. 000571S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai

Date : 26.05.2016

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in crore)

	Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
I.	Revenue from operations	25	7,895.96	6,087.68
II.	Other income	26	493.29	709.29
III.	Total Revenue (I+II)		8,389.25	6,796.97
IV.	Expenses:			
	Increase (-) / Decrease in stock	27	-361.25	-204.66
	Cost of fuel consumed	28	809.89	0.00
	Employee benefits expense	29	2,258.63	2,217.38
	Finance Cost	30	467.33	149.63
	Depreciation and amortisation expenses	31	867.85	440.62
	Other Expenses	32	2,675.60	2,178.75
	Prior Period Adjustments(Net)	33	0.05	32.53
			6,718.10	4,814.25
	Less: Expenses Capitalised	34	38.40	55.04
	Total expenses		6,679.70	4,759.21
V.	Profit before exceptional and extra-ordinary items and tax (III-IV)		1,709.55	2,037.76
VI.	Exceptional items	35	-28.38	345.57
VII.	Profit before Extra-ordinary Items and tax (V+VI)		1,681.17	2,383.33
VIII.	Extra-ordinary Item		0.00	0.00
IX.	Profit before tax (VII+VIII)		1,681.17	2,383.33
X.	Profit from continuing operations before tax		1,717.79	2,382.92
XI.	i) Tax Expense:			
	For current year	408.15		743.28
	Less: MAT Credit	408.15		0.00
	For previous year	-1.58		7.44
	ii) Deferred tax:			
	For current year	637.34		49.78
	For previous year	1.28	637.04	3.02
XII.	Profit for the period from continuing operation after Tax (X-XI)		1,080.75	1,579.40
XIII.	Profit from discontinuing operations before tax		-36.62	0.41
XIV.	Tax Expenses		0.00	0.13
XV.	Profit for the period from discontinuing operation after tax (XIII-XIV)		-36.62	0.28
XVI.	Profit for the period		1,044.13	1,579.68
XVII.	Less: Share of Minority		-17.60	0.00
XVIII.	Profit for the period of Group		1,061.73	1,579.68
XIX.	Earning Per Share			
	Basic and Diluted (₹)	36	6.33	9.42

Notes to the Financial Statement and Significant Accounting Policies annexed form an integral part of Profit and Loss Statement.

For and on behalf of the Board

**K. VISWANATH**  
COMPANY SECRETARY

**RAKESH KUMAR**  
CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 26.05.2016

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

For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

For **M/s. CHANDRAN & RAMAN**  
Chartered Accountants  
Firm Regn No. 000571S

**P.B. Srinivasan**  
Partner  
M.No.: 203774

**S. Pattabiraman**  
Partner  
M.No.: 014309

Place : Chennai

Date : 26.05.2016


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>A.CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	1,681.17	2,383.33
Adjustments for:		
Less: Profit on Disposal of Asset	2.00	1.61
Interest Income	385.23	576.34
	387.23	577.95
Add: Depreciation including prior period	867.85	436.47
Other non-cash charges	-30.45	70.49
Interest charged to P&L A/c	467.33	156.06
	1,304.73	663.02
	917.50	85.07
Operating Profit before working capital changes	2,598.67	2,468.40
Adjustments for Trade and other receivables:		
Sundry Debtors	-1,511.73	-77.62
Loans & Advances	-159.34	270.49
Inventories & other current assets	-649.96	-214.95
Trade Payables	510.47	-646.66
Cash flow generated from operations	788.11	1,799.66
Direct Taxes paid	-525.66	-762.86
Cash flow before extra-ordinary items and P.P.T.	262.45	1,036.80
Grants received	-0.08	-0.68
Net Cash from operating activities	262.37	1,036.12
<b>B.CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets/ Preliminary expenses	-1,571.50	-1,235.85
Sale of Fixed Assets/Projects		
From continuing operations	2.62	3.54
Sale/Purchase of Investments	103.20	103.19
Interest received	390.51	627.24
Net Cash used in investing activities	-1,075.17	-501.88
<b>C.CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long term borrowings (Net)	1,285.61	14.05
Short Term Borrowings (Net)	536.35	0.00
Interest paid	-691.77	-689.91
Share Capital Purchased	290.15	206.88
Dividend (including Dividend Tax)	-565.16	-761.53
Net Cash used/received in financing activities	855.18	-1,230.51
Net increase, decrease (-) Cash and cash equivalents	42.38	-696.27
Cash and cash equivalents as at the beginning of the year	3,577.60	4,273.87
Cash and cash equivalents as at the end of the year	3,619.98	3,577.60
NOTE : (-) INDICATES CASH OUTFLOW.		


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

(₹ in crore)

	As at 31.03.2016	As at 31.03.2015
<b>DETAILS OF CASH AND CASH EQUIVALENTS:</b>		
Cash in hand	<b>0.00</b>	0.01
Cash at bank in current account*	<b>255.28</b>	78.44
Cash at bank in deposit account*	<b>3,364.70</b>	3,499.15
<b>Total</b>	<b>3,619.98</b>	3,577.60
* Earmarked for -		
(i) Unpaid dividend account	0.01	1.39
(ii) Endowment fund in the name of NLC schools	0.32	0.44
(iii) Mine closure deposit	319.29	272.59
(iv) PRMA Fixed deposit	56.04	43.86
(v) Short term Deposits for lien for guarantee	14.93	39.37
(vi) Government grants	6.35	7.33

For and on behalf of the Board

**K. VISWANATH**  
 COMPANY SECRETARY

**RAKESH KUMAR**  
 CFO/DIRECTOR (FINANCE)

**SARAT KUMAR ACHARYA**  
 CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 26.05.2016

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

 For **M/s. P.B. VIJAYARAGHAVAN & CO.,**  
 Chartered Accountants  
 Firm Regn. No. 004721S

**P.B. Srinivasan**  
 Partner  
 M.No.: 203774

Place : Chennai

 For **M/s. CHANDRAN & RAMAN**  
 Chartered Accountants  
 Firm Regn No. 000571S

**S. Pattabiraman**  
 Partner  
 M.No.: 014309

Date : 26.05.2016



**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
1	<b>Share Capital</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	<b>Authorised</b>		
	2,00,00,00,000 Equity Shares of ₹10/- each	<b>2,000.00</b>	2,000.00
b.	<b>Issued, Subscribed and Paid-up</b>		
	1,67,77,09,600 Equity shares of ₹10 each fully paid	<b>1,677.71</b>	1,677.71
c.	1,50,99,38,640 (previous year 1,50,99,38,640) Equity Shares being 90.00% are (previous year 90%) held by the President of India.		
d.	No new shares were issued during the current year and previous year. Hence there is no change in number of shares outstanding as at the beginning and as at the end of the years.		
2	<b>Reserves and Surplus</b>	<b>As at 01.04.2015</b>	<b>As at 31.03.2016</b>
a.	Profit and Loss Account (Refer Note No.40)	11,348.57	11,633.31
	- Share of interest in Joint Venture	- 0.08	- 0.08
b.	KfW Interest Differential Reserve:	296.11	311.11
c.	Contingency Reserve	60.00	70.00
d.	General Reserve	1,337.00	1,457.00
e.	Bond redemption reserve	105.00	120.00
f.	PRMA Reserve Fund	43.86	56.04
	<b>Total</b>	<b>13,190.46</b>	<b>13,647.38</b>
3	<b>Grants</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	USTDA Grant	1.51	1.51
b.	Fly Ash Housing Grant	0.00	0.02
c.	Plant Renovation Grant	0.14	0.14
d.	Safety Investigation System	0.00	0.7
e.	Other Revenue Grants	4.70	4.96
	<b>Total</b>	<b>6.35</b>	<b>7.33</b>
4	<b>Long term Borrowings</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Secured		
i.	Neyveli Bonds - 2009	600.00	600.00
ii.	Term Loans from Banks	3,749.60	4,443.30
iii.	Power Finance Corporation Ltd*	2,204.86	500.00
b.	Unsecured		
	Foreign Currency loan from KfW-Germany##		
	8.77 Million Euro (8.98 Million Euro) - I	64.24	60.71
	58.85 Million Euro (60.26 Million Euro) - II	431.41	406.75
	<b>Total</b>	<b>7,050.11</b>	<b>6,010.76</b>
	## Guaranteed by the Government of India.		
	* Documents for registration is pending registration with Sub-Registrar and registration of charges is also pending with the Registrar of Companies.		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
	<p>c. Neyveli Bonds 6000,8.83%,10 Years, Secured, Redeemable, Taxable, Non-convertible Bonds in the nature as Debentures of ₹10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine II Expansion Project, TS II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23-01-2019.(without Put or Call Option).</p> <p>d. Rupee Term Loan of ₹3750 crore (RTL I ₹2500 crore and RTL II ₹1250 crore) was availed from a consortium lead by Canara Bank repayable over twenty equal bi-annual installments ending on August 2019. During the year the outstanding amount under this RTL amounting ₹1400 crore has been repaid to the consortium lead by Canara Bank by refinancing ₹ 1400 crore through a common loan from SBI (₹467 crore), HDFC Bank (₹466.50 crore) and ICICI Bank (₹466.50 crore). Security - first pari-passu charge on the borrower's immovable assets of Mines II Expansion, TS II Expansion, Barsingsar Mines and TPS and pari-passu charge by way of hypothecation on the movable assets both present and future pertaining to Mines II Expansion, TPS II Expansion, Barsingsar Mines and TPS. The existing repayment schedule is being maintained so that loan will be closed by August 2019.</p> <p>e. The term loan of ₹2500 crore from Bank of Baroda consortium is secured by a paripassu charge on project of the subsidiary financed and the Repayment of loan is Rescheduled to be repaid in twenty (20) equal half-yearly consecutive instalments starting from October 2015.</p> <p>f. The term loan of ₹937 crore from Bank of India Consortium loan is secured by a paripassu charge on project of the subsidiary financed and repayment in twenty equal half yearly consecutive instalments starting from August 2015.</p> <p>g. i) Term loan from Power Finance Corporation Ltd, secured by pari passu charge on project fixed assets of Neyveli New Thermal Power Station (NNTPS), repayable over 20 equal bi annual installments commencing from 30.06.2019. ii) The Rupee term loan of ₹1184.92 crore from M/s. Power Finance Corporation Ltd loan is secured by pari passu charge on project fixed assets of subsidiary and repayable in 20 equal half-yearly consecutive instalments as repayment schedule commenced from Jan 2016.</p> <p>h. Bi-annual equal repayment (€ 0.44 Million) of Foreign Currency loan - I from KfW Germany, commenced from 30-12-2001, ending on 30-06-2036.</p> <p>i. Bi-annual equal repayment (€ 2.80 Million) of Foreign Currency loan -II from KfW Germany, commenced from 30-06-2002, ending on 30-06-2037.</p>	
5	<b>Deferred Tax Liability (Net)</b>	<b>As at 31.03.2016 As at 31.03.2015</b>
a.	Deferred tax Liability: Related to depreciation	<b>1,905.15</b> 1,081.56
b.	Deferred tax Asset: Provisions, etc.	<b>256.42</b> 71.46
	<b>Deferred tax Liability (Net)</b>	<b>1,648.73</b> 1,010.10
6	<b>Other Long term Liabilities</b>	<b>As at 31.03.2016 As at 31.03.2015</b>
a.	Capital Purchase & Capital work-in-progress and other Liabilities	<b>835.08</b> 651.73
b.	Mine Closure Liability	<b>323.54</b> 275.59
c.	Deferred Foreign Currency Fluctuation Liability	<b>30.02</b> 22.08
	<b>Total</b>	<b>1,188.64</b> 949.40
d.	Pursuant to GOI guidelines on Mine closure, total Mine closure cost was approved by Ministry of Coal at a rate of ₹ 6 lakh per hectare for all the open cast Mines. The annual contribution, compounded @ 5% p.a. is deposited in an Escrow account in the name of Coal Controller Escrow account NLC Ltd. Mine..., as stipulated by the Coal Controller.	

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
7	<b>Short Term Borrowings</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	Working Capital loan - Bank of India	521.65	0.00
	- Share of interest in Joint Venture	0.17	0.09
	<b>Total</b>	<b>521.82</b>	<b>0.09</b>
	Exclusive first charge on book debts, operating cash flows, receivables including stock of coal, fuel etc. And all other current assets, commission, revenues of whatsoever nature and wherever arising present and future relating to the project.		
8	<b>Trade Payables</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Sundry creditors	821.22	303.77
b.	Others	351.48	333.17
	<b>Total</b>	<b>1,172.70</b>	<b>636.94</b>
c.	Principal amount remaining unpaid to Micro, Small and Medium Enterprises as per MSMED Act 2006, as at the end of the year ₹ 10.23 crore (previous year ₹ 7.04 crore).		
9	<b>Other Current Liabilities</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Current maturities of Long Term Debt		
i.	Loan from Banks		
	Term Loans	693.70	568.70
ii.	Power Finance Corporation Ltd	118.81	0.00
iii.	Foreign Currency loan from KfW -3.24 Million Euro	24.33	21.88
b.	Cash credit account*	14.61	0.00
c.	Interest Accrued but not due on borrowing		
i.	Neyveli Bonds	9.87	9.87
ii.	KfW	0.98	0.92
d.	Unclaimed Dividend	1.63	1.39
e.	Staff Security deposit	0.01	0.01
f.	Deferred Foreign Currency Fluctuation Liability	4.00	2.71
g.	Other Liabilities	817.95	874.18
	- Share of interest in Joint Venture	0.01	0.00
	<b>Total</b>	<b>1,685.90</b>	<b>1,479.66</b>
	*Secured by hypothecation of stock of stores, spares, raw materials and finished goods.		
h.	Other liabilities include LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits etc.		
10	<b>Short term Provisions</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Short term benefit of leave salary	122.17	125.41
b.	Post retirement Medical Benefit	16.02	21.12
c.	Provision for Loss on assets	1.29	1.29
d.	Proposed final Dividend	201.33	167.77
e.	Proposed final dividend tax	40.97	35.11
f.	Contingencies	42.47	40.36
g.	Provision for Gratuity	0.00	31.05
h.	Other Provisions	0.40	0.00
	<b>Total</b>	<b>424.65</b>	<b>422.11</b>

**Notes to the Financial Statement**

Sl. No.	Particulars											(₹ in crore)
11	<b>Tangible Assets</b>											
	Description	Gross Cost				Depreciation				Net Value		
		As at 31.03.2015	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals Trans./Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
a.	Land*	678.01	28.14	0.00	<b>706.15</b>	0.00	0.00	0.00	<b>0.00</b>	<b>706.15</b>	678.01	
b.	Lease hold land	50.29	0.00	0.00	<b>50.29</b>	12.86	0.00	1.68	<b>14.54</b>	<b>35.75</b>	37.43	
	- Share of interest in Joint Venture	3.99	0.00	0.00	<b>3.99</b>	0.43	0.00	0.12	<b>0.55</b>	<b>3.44</b>	3.56	
c.	Roads	75.60	13.08	0.00	<b>88.68</b>	46.18	0.00	10.71	<b>56.89</b>	<b>31.79</b>	29.42	
d.	Buildings ++	447.08	76.06	0.11	<b>523.03</b>	140.30	0.10	13.23	<b>153.43</b>	<b>369.60</b>	306.78	
	- Share of interest in Joint Venture	0.01	0.00	0.00	<b>0.01</b>	0.00	0.00	0.00	<b>0.00</b>	<b>0.01</b>	0.01	
e.	Elec. Installations	381.02	3.08	0.08	<b>384.02</b>	217.89	0.03	26.26	<b>244.12</b>	<b>139.90</b>	163.13	
f.	Water Supply & Drainage	167.50	16.48	0.00	<b>183.98</b>	106.23	0.00	10.59	<b>116.82</b>	<b>67.16</b>	61.27	
g.	Plant & Machinery**	12,106.22	10,435.78	4.15	<b>22,537.85</b>	7,548.10	3.88	795.73	<b>8,339.95</b>	<b>14,197.89</b>	4,558.12	
h.	Furniture & Equipment	81.52	4.82	0.38	<b>85.96</b>	50.64	0.28	4.92	<b>55.27</b>	<b>30.69</b>	30.88	
	- Share of interest in Joint Venture	0.02	0.00	0.00	<b>0.02</b>	0.01	0.00	0.00	<b>0.01</b>	<b>0.01</b>	0.01	
i.	Vehicles	103.00	8.68	5.66	<b>106.02</b>	66.59	5.36	8.81	<b>70.04</b>	<b>35.98</b>	36.41	
j.	Assets Costing Rs.5000 and below	6.65	0.38	0.01	<b>7.02</b>	6.65	0.01	0.38	<b>7.02</b>	<b>0.00</b>	0.00	
k.	Mine Development											
	Mine-I	464.33	0.00	0.00	<b>464.33</b>	257.36	0.00	24.04@	<b>281.40</b>	<b>182.93</b>	206.97	
	Mine-IA	127.50	0.00	0.00	<b>127.50</b>	35.76	0.00	2.82@	<b>38.58</b>	<b>88.92</b>	91.74	
	Mine-II	478.34	5.78	0.00	<b>484.12</b>	138.64	0.00	13.29@	<b>151.93</b>	<b>332.19</b>	339.70	
	Barsingsar Mine	123.86	0.00	0.00	<b>123.86</b>	13.01	0.00	2.84@	<b>15.85</b>	<b>108.01</b>	110.85	
	<b>Total</b>	<b>15,294.94</b>	<b>10,592.28</b>	<b>10.39</b>	<b>25,876.84</b>	<b>8,640.65</b>	<b>9.66</b>	<b>915.42</b>	<b>9,546.40</b>	<b>16,330.43</b>	<b>6,654.29</b>	
	<b>Previous Year</b>	<b>14,738.78</b>	<b>574.69</b>	<b>18.53</b>	<b>15,294.94#</b>	<b>8,191.59</b>	<b>16.51</b>	<b>465.57</b>	<b>8,640.65</b>	<b>6,654.29</b>		
	<p>*In respect of land acquired by the company during the periods 1956 to 1977 and 1997 to 2001, ownership is subject to certain restrictions imposed through the assignment deeds and through the Tamil Nadu Acquisition of Land for Industrial Purpose Act, 1997 respectively.</p> <p>++Includes leasehold buildings of value ₹2.10 crore for which lease agreement is yet to be executed. Normal depreciation rate adopted in view of lower amortisation rate and includes ₹26.25 crore pending registration of sale deed.</p> <p>**Includes assets belonging to Ministry of Coal obtained under Coal Science &amp; Technology Projects and Insurance spares.</p> <p>#Includes Assets non commissioned amounting to ₹ Nil (Previous year ₹ 0.23 crore).</p> <p>@Represents provisions for amortisation.</p> <p>Lease Hold Land is being amortised over the lease period.</p> <p>There is no impairment loss identified for the assets.</p> <p>Based on internal assessment and in consultation with Indian Bureau of Mines (Sub-ordinate Office under the control of Ministry of Mines) and Ministry of Corporate Affairs approved in Aug, 2007 the useful lives of Specialised Mining Equipments commissioned on or after 31-08-2007 such as Bucket Wheel Excavator, Mobile Transfer Conveyor, Spreader, Conveyors deployed in mines were fixed as 15 years which are different from useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.</p>											
12	<b>Intangible Assets</b>											
	Description	Gross Cost				Depreciation				Net Value		
		As at 31.03.2015	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2016	As at 31.03.2015	Withdrawals Trans./Adj.	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	
a.	Software	9.86	0.00	0.00	<b>9.86</b>	9.57	0.00	0.17	<b>9.74</b>	<b>0.12</b>	0.29	
	<b>Total</b>	<b>9.86</b>	<b>0.00</b>	<b>0.00</b>	<b>9.86</b>	<b>9.57</b>	<b>0.00</b>	<b>0.17</b>	<b>9.74</b>	<b>0.12</b>	<b>0.29</b>	
	<b>Previous Year</b>	<b>9.85</b>	<b>0.01</b>	<b>0.00</b>	<b>9.86</b>	<b>9.23</b>	<b>0.00</b>	<b>0.34</b>	<b>9.57</b>	<b>0.29</b>		
	There is no impairment loss identified for the assets.											



**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)			
13	<b>Capital Work-in-Progress</b>	<b>As at 31.03.2016</b>	As at 31.03.2015		
a	Plan Expenditure				
	i) TPS-II Expansion				
	Supply and Erection	27.04		2,073.74	
	Capital Goods in Stock	4.20		5.19	
	Expenditure during Construction	3.93		402.66	
	Interest during Construction	0.00	35.17	781.23	3,262.82
	ii) Barsingsar Mines and Thermal				
	Supply and Erection	0.00		0.74	
	Capital Goods in Stock	0.00	0.00	0.47	1.21
	iii) Mine-II Expansion				
	Supply and Erection	0.00		4.59	
	Capital Goods in Stock	1.10		1.01	
	Expenditure during Construction	29.86	30.96	35.50	41.10
	iv) Neyveli New Thermal Plant				
	Supply and Erection	1,625.59		427.97	
	Expenditure during Construction	35.29		8.63	
	Interest during Construction	102.40	1,763.28	33.13	469.73
	v) Wind Power Project				
	Supply and Erection	122.75		130.56	
	Expenditure during Construction	1.47	124.22	0.80	131.36
	vi) Solar Power Project				
	Supply and Erection	0.00		44.43	
	Expenditure during Construction	0.00	0.00	0.06	44.49
	vii) NLC Tamil Nadu Power Ltd.				
	Supply and Erection	77.95		5,080.22	
	Capital Goods in Stock	0.00		0.00	
	Expenditure during Construction	0.00		240.89	
	Interest during Construction	0.00	77.95	1,237.03	6,558.14
	viii) Neyveli Uttar Pradesh Power Ltd.,				
	Supply and Erection	2.94	2.94	1.81	1.81
	- Share of Interest in Joint Venture		0.39		0.39
b.	Non-Plan Expenditure				
	Supply and Erection	268.88		321.96	
	Capital Goods in Stock	29.66		33.88	
	Capital Goods in Transit	0.86	299.40	0.31	356.15
	<b>Total</b>		<b>2,334.31</b>		<b>10,867.20</b>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
14	<b>Assets under Development</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	Preliminary Project Expenditure	238.90	147.49
	- Share of interest in Joint Venture	3.28	3.46
		242.18	150.95
	Less: provisions	31.30	33.33
	<b>Total</b>	<b>210.88</b>	<b>117.62</b>
15	<b>Long term Loans and Advances</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Loans and Advances - Staff (Secured)	73.54	86.00
b.	Loans and Advances - Staff (Unsecured-considered good)	9.37	18.49
c.	Capital Advances (Unsecured-considered good)	292.08	382.39
d.	MAT Credit entitlement	408.15	0.00
	<b>Total</b>	<b>783.14</b>	<b>486.88</b>
16	<b>Other Non-current Assets</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Unsecured considered good	7.49	0.00
b.	Deferred Foreign currency Fluctuation Asset	97.25	51.12
	<b>Total</b>	<b>104.74</b>	<b>51.12</b>
17	<b>Current Investments (Unquoted)</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	8.5% tax free SLR Power Bonds issued by State Governments	0.00	103.20
18	<b>Inventories</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	(As certified by the Management)		
a.	Raw Materials - Lignite	768.06	406.81
	- Coal	206.82	0.00
b.	Stores and Spares	468.57	461.24
	Goods-in-transit	50.42	32.34
		518.99	493.58
	Less: Provision	5.45	3.79
c.	Solid/Hollow/Fly Ash Bricks	3.36	2.03
	<b>Total</b>	<b>1,491.78</b>	<b>898.63</b>
d.	Inventory valuation - Inventories are valued at the lower of cost and net realisable value. Cost for these purposes are as follows:		
	i. Lignite - At absorption cost excluding share of common charges and social overhead.		
	ii. Stores & Spares - At weighted average acquisition cost.		
	iii. Fly ash bricks - At absorption cost.		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
	iv. Goods in transit including goods received but pending inspection / acceptance - At cost of acquisition		
	v. Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
19	<b>Trade Receivables</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	Unsecured		
	a. Considered Good		
	More than six months	<b>242.83</b>	298.61
	Others	<b>3,544.28</b>	1,983.46
	b. Considered Doubtful	<b>8.77</b>	2.08
		<b>3,795.88</b>	2,284.15
	Less: Provision for Doubtful Debts	<b>8.77</b>	2.08
	<b>Total</b>	<b>3,787.11</b>	<b>2,282.07</b>
20	<b>Cash and Bank Balances</b>		
	<b>Cash and cash equivalents</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	a. Balances with Scheduled Banks in Current A/c	<b>253.65</b>	77.05
	b. Cash on hand#	<b>0.00</b>	0.01
	c. Unpaid Dividend A/c	<b>1.63</b>	1.39
	d. Fixed Deposits		
	I. Deposit		
	i. Short term Deposit	<b>2,969.16</b>	3,137.82
	- Share of interest in Joint Venture	<b>4.95</b>	5.06
	II. Deposit for specific purpose		
	ii Staff Security Deposit	<b>0.01</b>	0.01
	iii. Endowment fund in the name of NLC schools	<b>0.32</b>	0.44
	iv. Mine Closure Deposit*	<b>319.29</b>	272.59
	v. PRMA Fixed deposit	<b>56.04</b>	43.86
	vi. Short term Deposits for lien for guarantee	<b>14.93</b>	39.37
	<b>Total</b>	<b>3,619.98</b>	<b>3,577.60</b>
	# Stamps on hand as on 31.03.2016 - ₹ 42,925/-		
	*In the Name of " Coal Controller Escrow Account NLC Ltd. Mine ..."		
21	<b>Short term Loans and Advances</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	(Recoverable in cash or in kind or for value to be received)		
	a. Secured		
	Staff Advances	<b>11.30</b>	10.14
	b. Unsecured		
	i. Considered good	<b>334.90</b>	163.50
	- Share of interest in Joint Venture	<b>0.61</b>	0.22
	ii. Considered doubtful	<b>2.27</b>	2.25
		<b>349.08</b>	176.11
	Less: Provision for doubtful advances	<b>2.27</b>	2.25
	Carried Forward	<b>346.81</b>	<b>173.86</b>



**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
		<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	Brought Forward	<b>346.81</b>	173.86
c.	Advance Income tax	<b>2,155.02</b>	2,037.50
	Less : Provision for taxation	<b>1,695.45</b>	1,697.02
d.	Deposit with Central Excise, Port Trust and Customs authorities	<b>0.12</b>	0.04
	<b>Total</b>	<b>806.50</b>	514.38
e.	i. Due by Officers	<b>0.05</b>	0.05
	ii. Maximum amount due at any time during the year	<b>0.05</b>	0.05
f.	i. Due by Directors	<b>0.08</b>	0.09
	ii. Maximum amount due at any time during the year	<b>0.09</b>	0.09
22	<b>Other Current Assets</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
a.	Interest accrued	<b>186.02</b>	191.41
	- Share of interest in Joint Venture	<b>0.19</b>	0.08
b.	Disposable/Dismantled assets, Spares	<b>0.58</b>	0.56
	Less: Provision for impairment of assets	<b>0.12</b>	0.12
c.	Prepaid expenses	<b>3.96</b>	6.49
d.	Deferred Foreign Currency Fluctuation Asset	<b>4.79</b>	0.73
	<b>Total</b>	<b>195.42</b>	199.15
23	<b>Contingencies and Commitments</b>	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
A.	<b>Contingencies</b>		
1	Claims against the Corporation not acknowledged as debts:		
	i. Differential amount to beneficiaries on account of adopting normal Corporate Tax rate instead of Minimum Alternative Tax rate (MAT) for Return on Equity in power tariff for the year 2012-13, as the company is of the opinion that MAT rate is not applicable. Against the review petition order of the CERC an appeal has been filed before APTEL, which is pending	<b>77.75</b>	55.61
	ii. The review order of the CERC dt 21.01.2016 for refund of additional profit earned by sale of lignite to outside agencies over and above 85% capacity utilisation factor of Mine II Expn. & refund of incentive for the excess generation of power over and above the contemplated PLF in TPS II due to inclusion of pooled price of Mine II Expansion,		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>	
	against which an appeal has been filed before APTEL, which is pending	657.35	0.00
iii.	The review order of the CERC dt 14.03.2016 regarding disallowance of interest during construction period of Barsingsar TPS, against which the company is in the process of filing an appeal before the APTEL	65.66	0.00
iv.	From Employees /Others	NQ	NQ
v.	Additional amount payable for the land acquired after 01-01-2014 towards compensation payable under the Right to Fair Compensation and Transparency in land acquisition, Rehabilitation and Resettlement of Act 2013	NQ	NQ
vi.	From Suppliers / Contractors/Customers	1,943.91	1,816.81
vii.	Disputed amount of Income Tax/ST/Other Taxes	1,139.85	1,046.85
viii.	Statutory Authorities	1,222.84	1,162.25
a.	Includes tax payable under Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 of ₹ 852.76 crore (previous year ₹ 856.63 crore) and ₹ 85.43 crore (previous year ₹ 138.71 crore) towards sale of power to distribution Companies and Captive consumption in Mines. However the same is recoverable from the beneficiaries after getting approval from CERC.		
b.	Includes amount of ₹ 120.00 crore demand from Sub Registrar, Kammapuram, Virudhachalam towards shortfall in stamp duty and registration charges in connection with borrowing from Power Finance Corporation for indenture of mortgage of charges for Loan availed from Power Finance Corporation.		
c.	Includes ₹147.56 crore - The Central Govt. in consultation with Bureau of Energy Efficiency has exempted TPS I from Perform, Achieve and Trade (PAT) mechanism of The Energy Conservation Act, 2001 for exceeding energy efficiency targets subject to decommissioning of TPS I by 31.03.2017 and investment of ₹ 109.05 crore in establishment of renewable energy generating capacity.		
d.	Includes ₹ 4.26 crore towards Land tax case pending with Taxation Board, Ajmer.		
2	Guarantees issued by Company	42.27	26.95
B	<b>Commitment</b>		
i.	Estimated value of contracts remaining to be executed on capital accounts not provided for	4,824.95	4,655.52
ii.	Commitment for the acquisition of lands	0.00	8.96
	NQ - In view of the various court cases and litigations and claims disputed by the corporation financial impact as to outflow of resources is not quantifiable at this stage.		
24	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of advances and amounts due to creditors are subject to confirmation. However, Power dues and Lignite sale dues are reconciled with Debtors periodically.		

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
25	<b>Revenue from Operations</b>	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
a.	Power	7,526.56 5,590.51
b.	Lignite	400.19 494.24
c.	Miscellaneous	36.28 30.53
		<u>7,963.03</u> <u>6,115.28</u>
	Less: Excise duty	7.56 9.90
		<u>7,955.47</u> <u>6,105.38</u>
	Less: Transfer to Capital Expenditure Accounts	59.51 17.70
		<u>7,895.96</u> <u>6,087.68</u>
d.	Pending determination of power tariff by Central Electricity Regulatory Commission (CERC), sale of power for the year is accounted by adopting provisional tariff as per CERC Regulation, 2014 and provisional lignite price in energy charges is considered as per the guidelines of Ministry of Coal (MOC) dt, 02.01.2015. Due to this, net sales from the operation is in excess of sales invoiced to the extent of ₹ 791.17 crore (previous year ₹ 275.78 crore) for which invoices will be raised on receipt of CERC Order.	
e.	Revision of capacity charges on account of truing-up of Addition to fixed assets for the tariff period 2009-14 will be considered after receipt of CERC Order.	
f.	Sale of power includes ₹ 24.56 crore being the claim on account of amounts in respect of consumption of capital spares and water charges for the financial year 2015-16 and ₹ 11.38 crore for the financial year 2014-15 for which invoices will be raised on receipt of order from CERC.	
g.	In respect of NTPL (Subsidiary): (i) Unit 1 has started its commercial operation from 18 <sup>th</sup> June 2015 and Unit 2 from 29 <sup>th</sup> August 2015. The revenue received upto date of commercial operation has been capitalised towards project cost as abatement. (ii) Sale of Power is accounted for based on the interim tariff order dated 13.10.2015 granted by the Central Electricity Regulatory Commission (CERC) under the Tarrif Regulations 2014-19 from the date of Commercial Operation Declaration (COD) of Unit I and II to 31.03.2017. Beneficiaries are billed in accordance with the said interim tariff order.	
26	<b>Other Income</b>	<b>For the year ended 31.03.2016</b> <b>For the year ended 31.03.2015</b>
a.	Interest	
i.	Bank Deposit	328.09 421.51
ii.	Employees	13.28 10.13
iii.	Long Term Investments	6.58 15.35
iv.	Interest on Mine Closure Deposit	22.62 25.18
v.	Others	14.66 104.17
b.	Recoveries	
i.	Rent	15.74 13.33
ii.	Others	0.53 0.51
c.	Profit on sale of assets	2.00 1.61
d.	Provision written back	4.92 4.04
e.	Surcharge	18.23 81.93
f.	Miscellaneous	111.14 59.86
		<u>537.79</u> <u>737.62</u>
	Less: Transfer to Capital Expenditure Accounts	29.71 11.72
	Less: Transfer to Mine Closure Liability	14.79 16.61
		<u>493.29</u> <u>709.29</u>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
	g. As per the accounting policy of the Corporation, surcharge recoverable from beneficiaries on the belated settlement of the power bill, amounting to ₹ 28.32 crore for the year (previous year ₹ 17.52 crore) has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.		
27	<b>Increase(-)/Decrease in Stock</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
	a. OPENING STOCK		
	Raw Material		
	Lignite	<b>406.81</b>	202.15
		<b>406.81</b>	202.15
	b. CLOSING STOCK		
	Raw Material		
	Lignite	<b>768.06</b>	406.81
		<b>768.06</b>	406.81
	Increase (-)/Decrease in Stock	<b>-361.25</b>	-204.66
28	<b>Cost of Fuel Consumed</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
	Coal	<b>75.55</b>	52.49
	Oil	<b>879.21</b>	1.83
		<b>954.76</b>	54.32
	Less: Transfer to Capital Expenditure Accounts	<b>144.87</b>	54.32
		<b>809.89</b>	0.00
29	<b>Employee Benefits Expenses</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
	a. Salaries, Wages and Incentives	<b>1,907.66</b>	1,895.66
	b. Contribution to Provident and other funds	<b>313.73</b>	292.62
	c. Gratuity	<b>-7.31</b>	32.03
	d. Welfare expenses	<b>113.02</b>	105.60
		<b>2,327.10</b>	2,325.90
	Less: Transfer to Capital Expenditure Accounts	<b>51.21</b>	89.65
	Less: Transfer to CSR Expenditure	<b>17.26</b>	18.87
		<b>2,258.63</b>	2,217.38
	e. Disclosure under Accounting Standard-15 on Employee benefits:	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
	1. Disclosure in respect of Defined Benefit obligations in respect of Gratuity Fund:		
	i. The actuarial gain or losses will be recognised in the year of occurrence.		




**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)
		For the year ended 31.03.2016 For the year ended 31.03.2015
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:	
	i. Amount recognised in the Profit and Loss Account as premium paid to the Insurance Company	14.68 18.02
	ii. Liability provided for the fixed Medical Assistance	5.38 10.31
30	<b>Finance Cost</b>	<b>For the year ended 31.03.2016 For the year ended 31.03.2015</b>
a.	Interest Expenses	
	Fixed loans	
	Unsecured loans - KfW - Foreign currency loan	3.33 3.59
	Secured loans-NLC Bonds	52.98 52.98
	Loan from Banks	549.41 609.14
	Loan from Power Finance Corporation	69.27 16.33
	Others	0.04 0.12
	Guarantee Fees on KfW loan	5.87 7.50
	FERV	-0.01 -6.43
	Working Capital	10.94 0.00
		691.83 683.23
	Less: Transfer to Capital Expenditure Accounts	224.50 533.60
	<b>Total</b>	<b>467.33 149.63</b>
	b. Borrowing cost capitalised during the year	
	Interest and commitment charges	224.50 533.60
31	<b>Depreciation and Amortisation Expenses</b>	<b>For the year ended 31.03.2016 For the year ended 31.03.2015</b>
a.	Fixed Assets	872.60 428.92
b.	Mine Development and other Amortisations	42.99 41.02
		915.59 469.94
	Less: Transfer to Capital Expenditure Accounts	3.43 9.33
	Transfer of carrying amount of fixed assets whose useful life served before 01-04-2014 to general reserve	0.00 44.92
	Transfer from Grants	0.90 0.15
	Deferred Foreign currency fluctuation liability	43.41 -25.08
	<b>Total</b>	<b>867.85 440.62</b>

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
		For the year ended 31.03.2016	For the year ended 31.03.2015
32	<b>Other Expenses</b>		
	Consumption of stores and spares	535.49	632.69
	Fuel	90.43	110.41
	Liability for Mine closure	33.16	31.58
	Excise duty	75.21	67.51
	Rent	1.36	1.33
	Rates and taxes		
	Electricity tax	0.95	1.54
	Clean energy cess	648.05	288.87
	Others	3.07	3.41
	Power charges	27.35	15.76
	Water charges	0.46	1.34
	Wealth Tax	0.08	0.40
	Repairs and Maintenance		
	Plant and Machinery	180.21	200.97
	Buildings	16.04	10.87
	Others	339.96	267.54
	Overburden removal expenditure	157.02	80.27
	Insurance	8.80	7.62
	Payments to auditors		
	Audit fees	0.28	0.21
	Tax audit fees	0.11	0.13
	Other certification fees	0.41	0.31
	Reimbursement of expenses	0.21	0.30
	Travelling expenses	20.20	17.98
	Training expenses	9.67	6.02
	Family welfare expenses	5.72	4.08
	Selling expenses - Discounts	23.65	30.44
	Afforestation expenses	13.53	11.87
	Royalty	289.94	264.36
	Central Industrial Security Force expenses	95.38	82.49
	Corporate Social Responsibility expenses	82.76	47.74
	Miscellaneous expenses	65.77	48.13
	Loss on disposal of assets	0.03	0.05
	Carried forward	<u>2,725.30</u>	<u>2,236.22</u>





**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
35	<b>Exceptional Items</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Power Sales	0.00	346.69
b.	Lignite Sales	0.00	2.19
c.	Employee remuneration - VRS compensation	-28.38	0.00
d.	Other expenses - Royalty	0.00	-3.30
e.	Miscellaneous Income	0.00	-0.01
	<b>Total</b>	<b>-28.38</b>	<b>345.57</b>
	(-) Indicates Expenditure		
f.	₹ 28.38 crore (previous year Nil) being the expenditure incurred in respect of employees who have been relieved under Voluntary Retirement Scheme (VRS).		
36	<b>Earnings Per Share</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Profit after tax	1,061.73	1,579.68
b.	Number of Shares	1677709600	1677709600
c.	Face Value of Share (₹)	10.00	10.00
d.	Earning Per Share - Basic and Diluted (₹)	6.33	9.42
37	<b>The effect of Foreign Exchange Fluctuation</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	The amount of exchange rate difference debited/(credited) to the Profit & Loss Account	0.03	- 2.60
b.	The amount of exchange rate difference adjusted and debited/(credited) to the carrying amount of fixed assets & WIP	61.94	-127.23
38	As per the guidance note on Rate Regulated Activity issued by ICAI, exchange rate difference (on account of restatement of foreign currency borrowing) recoverable from or payable to the beneficiaries in subsequent years as per CERC Tariff regulations and MOC guidelines on Lignite Transfer price are accounted as Deferred foreign currency fluctuation asset / liability. Accordingly necessary adjustment is made in the current year in depreciation and interest expenditure.		
39	<b>Expenditure Incurred on Research &amp; Development</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Capital expenditure	1.28	1.25
b.	Revenue expenditure	12.54	11.91

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
40	<b>Profit Appropriation</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a	Surplus brought forward from previous year	11,348.57	10,621.18
b	Profit after tax	1,061.73	1,579.68
c	Transfer to/from Interest Differential Fund Reserve	- 15.00	- 11.81
d	Transfer to Bond Redemption Reserve	- 15.00	- 15.00
e	Transfer to General Reserve	- 120.00	- 160.00
f	Transfer to Contingency Reserve	- 10.00	- 10.00
g	Transfer to PRMA Reserve Fund	- 12.18	- 43.86
h	Interim Dividend	- 301.99	- 301.99
i	Tax on Interim Dividend	- 60.53	- 61.83
j	Proposed Final Dividend	- 201.33	- 167.77
k	Tax on Proposed Final Dividend	- 40.97	- 35.11
l	Transfer of carrying amount of fixed assets whose useful life served before 01-04-2014 to general reserve	0.00	- 44.92
	<b>Surplus carried to Balance Sheet</b>	<b>11,633.31</b>	<b>11,348.57</b>
41	<b>Details of Contingency Provisions</b>	As at 01.04.2015	As at 31.03.2016
a	Interest on disputed tax deducted at source	16.60	16.60
b	Power Tariff adjustment - Deemed export benefit	22.79	24.90
c	Miscellaneous Provisions	0.97	0.97
	<b>Total</b>	<b>40.36</b>	<b>42.47</b>
42	<b>Details of Other Provisions</b>	As at 01.04.2015	As at 31.03.2016
a	Provision for Asset Under development	33.33	31.30
b	Provision for loss on Assets	1.29	1.29
c	Provision for Stores and Material	3.79	5.45
d	Provision for Loans and Advances	2.25	2.27
e	Provision for Sundry Debtors	2.08	8.77
	<b>Total</b>	<b>42.74</b>	<b>49.08</b>
43	<b>Consumption of Raw Material and Spare Parts</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>
a.	Value of Indigenous and Imported Spares consumed		
	INDIGENOUS		
	Spare parts	348.19	441.88
	Percentage	94.68%	97.21%
b.	IMPORTED		
	Spare parts	19.57	12.67
	Percentage	5.32%	2.79%

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)																															
44	<b>C.I.F. Value of Imports</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>																														
a.	Capital Goods	1.44	0.14																														
b.	Components and Spares	17.86	30.89																														
45	<b>Expenditure in Foreign Currency</b>	<b>For the year ended 31.03.2016</b>	<b>For the year ended 31.03.2015</b>																														
a.	Travelling Expenses	0.35	0.28																														
b.	Professional and Consultancy	0.00	0.61																														
c.	Interest Charges	3.33	3.59																														
46	Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below:																																
	i. List of related parties: (a) Key Management Personnel:																																
	Shri B. Surender Mohan - Chairman-cum-Managing Director up to 30.09.2015																																
	Shri Sarat Kumar Acharya - Chairman and Managing Director w.e.f. 01.10.2015																																
	<table><tr><th colspan="3">Directors</th></tr><tr><td>Shri Sarat Kumar Acharya</td><td>Shri. Chandra Prakash Singh</td><td>Shri. T.V.K. Murugan</td></tr><tr><td>Shri. Rakesh Kumar</td><td>Shri. Azad Singh Toor</td><td>Shri. R.S. Alagappan</td></tr><tr><td>Shri. Subir Das</td><td>Shri. K. Madhavan Nair</td><td>Shri. R.P. Gupta</td></tr><tr><td>Shri. V. Thangapandian</td><td>Dr. A.K. Dubey</td><td>Shri. Sanjay Agarwal</td></tr><tr><td>Shri. P. Selvakumar</td><td>Shri. C.V. Sankar</td><td>Shri. A.P. Mishra</td></tr><tr><td>Shri. S. Rajagopal</td><td>Shri. Rajesh Lakhoni</td><td>Shri. A.K. Bhalla</td></tr><tr><td>Shri. S. Boopathy</td><td>Shri. S. Sambathkumar</td><td>Shri. Sanjay Prasad</td></tr><tr><td>Smt. Sujata Prasad</td><td>Shri. M. Rajkumar</td><td></td></tr><tr><td>Shri. N.S. Palaniappan</td><td>Shri. Manoj Kumar Sharma</td><td></td></tr></table>			Directors			Shri Sarat Kumar Acharya	Shri. Chandra Prakash Singh	Shri. T.V.K. Murugan	Shri. Rakesh Kumar	Shri. Azad Singh Toor	Shri. R.S. Alagappan	Shri. Subir Das	Shri. K. Madhavan Nair	Shri. R.P. Gupta	Shri. V. Thangapandian	Dr. A.K. Dubey	Shri. Sanjay Agarwal	Shri. P. Selvakumar	Shri. C.V. Sankar	Shri. A.P. Mishra	Shri. S. Rajagopal	Shri. Rajesh Lakhoni	Shri. A.K. Bhalla	Shri. S. Boopathy	Shri. S. Sambathkumar	Shri. Sanjay Prasad	Smt. Sujata Prasad	Shri. M. Rajkumar		Shri. N.S. Palaniappan	Shri. Manoj Kumar Sharma	
Directors																																	
Shri Sarat Kumar Acharya	Shri. Chandra Prakash Singh	Shri. T.V.K. Murugan																															
Shri. Rakesh Kumar	Shri. Azad Singh Toor	Shri. R.S. Alagappan																															
Shri. Subir Das	Shri. K. Madhavan Nair	Shri. R.P. Gupta																															
Shri. V. Thangapandian	Dr. A.K. Dubey	Shri. Sanjay Agarwal																															
Shri. P. Selvakumar	Shri. C.V. Sankar	Shri. A.P. Mishra																															
Shri. S. Rajagopal	Shri. Rajesh Lakhoni	Shri. A.K. Bhalla																															
Shri. S. Boopathy	Shri. S. Sambathkumar	Shri. Sanjay Prasad																															
Smt. Sujata Prasad	Shri. M. Rajkumar																																
Shri. N.S. Palaniappan	Shri. Manoj Kumar Sharma																																
	<table><tr><th>Chief Executive Officers</th><th>Chief Financial Officers</th><th>Company Secretaries</th></tr><tr><td>Shri. S. Sathiyarayanan</td><td>Shri. Rakesh Kumar</td><td>Shri. K. Viswanath</td></tr><tr><td>Shri. K. Chandran</td><td>Shri. V.N. Babu</td><td>Shri. R. Jayasarathy</td></tr><tr><td></td><td>Shri. Mukesh Agrawal</td><td>Shri. R. Udhayashankar</td></tr></table>	Chief Executive Officers	Chief Financial Officers	Company Secretaries	Shri. S. Sathiyarayanan	Shri. Rakesh Kumar	Shri. K. Viswanath	Shri. K. Chandran	Shri. V.N. Babu	Shri. R. Jayasarathy		Shri. Mukesh Agrawal	Shri. R. Udhayashankar																				
Chief Executive Officers	Chief Financial Officers	Company Secretaries																															
Shri. S. Sathiyarayanan	Shri. Rakesh Kumar	Shri. K. Viswanath																															
Shri. K. Chandran	Shri. V.N. Babu	Shri. R. Jayasarathy																															
	Shri. Mukesh Agrawal	Shri. R. Udhayashankar																															
	ii. Transactions during the year with related parties:																																
	Remuneration to Key Managerial Person listed above listed in (a) above: ₹ 4.24 crore (Previous year ₹ 3.31 crore)																																
47	Disclosure in accordance with the Accounting Standard-24 towards discontinued operations:																																
	(a) Discontinuing operation : Thermal Power Station-I																																
	(b) Business Segment : Power																																
	(c) Date and nature of initial disclosure of event : On 3 <sup>rd</sup> June 2014, it was communicated that TPS-I will be retired on commissioning of Neyveli New Thermal Power Project.																																
	(d) Date of discontinuation : Likely from October 2017 to April 2018																																

**Notes to the Financial Statement**

Sl. No.	Particulars	(₹ in crore)	
		<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	(e) Total Assets as on	<b>1,087.39</b>	842.96
	(f) Total Liabilities as on	<b>91.07</b>	60.99
	(g) Revenue for the year ended	<b>1,395.59</b>	1,711.90
	(h) Expenses for the year ended	<b>1,432.21</b>	1,711.49
	(i) Profit Before Tax	<b>(36.62)</b>	0.41
	(j) Net Cashflow attributable to :		
	Operating activities	<b>7.28</b>	0.36
	Investing activities	<b>(0.97)</b>	(3.39)
	Financing activities	<b>(6.31)</b>	3.01
	(k) New higher capacity of Neyveli New Thermal Power Project of 1000 MW under implementation would be commissioned as replacement to TPS-I.		
	(l) Salaries and wages are included in the expenses in order to arrive the operating profit before tax		
	(m) Total assets includes net current assets		
48	Disclosure in respect of the interests in Joint Venture as per Accounting standard-27 is furnished as under:		
	a. Company Name : M/s. MNH Shakti Limited		
	b. Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Odisha.		
		<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
	c. Joint Venture/Interest :		
	i. M/s. Mahanadi Coalfields Limited	<b>70%</b>	70%
	ii. M/s. Neyveli Lignite Corporation Limited	<b>15%</b>	15%
	iii. M/s. Hindalco Industries Limited	<b>15%</b>	15%
49	Figures of the previous year have been re-grouped wherever necessary.		

**Notes to the Financial Statement**

Sl. No.	Particulars								(₹ in crore)
50	<b>Segment-wise Result for the year 2015-16</b>								
		<b>Lignite Mining</b>		<b>Power Generation</b>		<b>Inter-segment adjustment</b>		<b>Total</b>	
		For the year ended		For the year ended		For the year ended		For the year ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	<b>REVENUE</b>								
	External Sales	400.00	493.22	7495.97	5594.46			7895.97	6087.68
	Inter-segment sales	4940.90	4182.08	416.39	335.04	5357.29	4517.12		
	Total Revenue	5340.90	4675.30	7912.36	5929.50	5357.29	4517.12	7895.97	6087.68
	<b>RESULT</b>								
	Segment Result	1530.49	1240.54	474.85	578.49			2005.34	1819.03
	Other Income							103.11	56.37
	Unallocated Corporate expenses							299.26	297.93
	Operating Profit							1809.19	1577.47
	Interest Expense							467.33	156.06
	Interest Income							385.24	648.88
	Exceptional Items							-28.38	345.57
	Income taxes							637.04	803.65
	Profit from Ordinary activities							1061.68	1612.21
	Prior period / Income / Expenditure (Net)							0.05	-32.53
	Net Profit							1061.73	1579.68
	<b>OTHER INFORMATION</b>	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
	Segment Assets	5608.09	5192.06	16384.69	5157.08			20274.67	10349.14
	Unallocated Corporate assets(Including Capital Work-in Progress)							9389.74	15403.23
	Total Assets							29664.41	25752.37
	Segment liabilities	1320.05	1017.60	1709.92	475.14			3029.98	1492.74
	Unallocated Corporate liabilities							10662.57	9021.22
	Total liabilities							13692.55	10513.96
	Capital Expenditure	416.82	313.09	-57.67	-63.06			359.15	250.03
	Depreciation	295.33	195.36	585.39	175.95			880.72	371.31
	Non-cash expenses other than depreciation	6.66	0.00	0.01	2.73			6.67	2.73
<p>Note: 1. Since the business operation is within India the secondary disclosure does not arise.</p> <p>2. The inter-segment transfers are priced on cost plus profit basis.</p> <p>3. Allocation of</p> <ul style="list-style-type: none"> <li>i. Storage charges on the basis of material consumption</li> <li>ii. Common charges and social overhead on the basis of salaries &amp; wages and</li> <li>iii. Service Centres Assets &amp; Liabilities are apportioned among the segments on the basis of the service rendered.</li> </ul>									

**SOCIAL OVERHEAD ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(₹ in crore)

Description	Township		Library		Transport		Education		Sports & Cultural Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Expenses:</b>												
Consumption of Materials												
Stores & Spares	11.32	8.76	0.00	0.00	2.19	2.30	0.02	0.03	0.00	0.01	13.53	11.10
Power	60.87	57.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.87	57.05
Employees' Remuneration and Benefits:												
Salaries, Wages, Bonus and Incentives	77.81	88.15	2.69	2.69	23.07	23.58	12.28	12.88	3.01	2.17	118.86	129.47
Contribution to Provident and other Funds	12.67	12.65	0.38	0.41	3.22	3.49	1.14	1.09	0.45	0.36	17.86	18.00
Gratuity	0.00	2.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.58
Welfare expenses	6.48	6.69	0.03	0.02	0.31	0.21	0.16	0.16	0.04	0.02	7.02	7.10
Rent, Rates & Taxes	0.58	0.66	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.60	0.67
Repairs & Maintenance:												
Buildings	10.90	3.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.90	3.53
Others	27.95	23.43	0.01	0.02	0.78	0.71	0.17	0.08	0.00	0.00	28.91	24.24
Depreciation	9.34	9.09	0.03	0.02	0.38	0.44	0.02	0.02	0.00	0.00	9.77	9.57
Travelling Expenses	0.17	0.07	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.01	0.20	0.09
Miscellaneous	8.44	12.11	0.04	0.05	0.26	0.17	0.67	0.53	0.10	0.09	9.51	12.95
<b>Total</b>	<b>226.53</b>	<b>224.77</b>	<b>3.18</b>	<b>3.21</b>	<b>30.23</b>	<b>30.91</b>	<b>14.47</b>	<b>14.80</b>	<b>3.62</b>	<b>2.66</b>	<b>278.03</b>	<b>276.35</b>
<b>Receipts:</b>												
Recoveries:												
Rent	15.11	12.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.11	12.66
Electricity Charges	15.56	14.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.56	14.46
Water Charges	0.49	0.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49	0.42
Grant-in-aid	0.00	0.00	0.00	0.00	0.00	0.00	4.66	5.90	0.00	0.00	4.66	5.90
Bus Receipts	0.00	0.00	0.00	0.00	2.21	2.48	0.00	0.00	0.00	0.00	2.21	2.48
Misc. Receipts	2.43	1.80	0.05	0.05	0.00	0.00	0.00	0.00	0.01	0.00	2.49	1.85
<b>Total</b>	<b>33.59</b>	<b>29.34</b>	<b>0.05</b>	<b>0.05</b>	<b>2.21</b>	<b>2.48</b>	<b>4.66</b>	<b>5.90</b>	<b>0.01</b>	<b>0.00</b>	<b>40.52</b>	<b>37.77</b>
<b>Net Expenditure</b>	<b>192.94</b>	<b>195.43</b>	<b>3.13</b>	<b>3.16</b>	<b>28.02</b>	<b>28.43</b>	<b>9.81</b>	<b>8.90</b>	<b>3.61</b>	<b>2.66</b>	<b>237.51</b>	<b>238.58</b>

**Note :** Expenditure on Medical facilities over and above those which are statutorily required to be maintained is not ascertainable and hence not included in this account.