NLC INDIA 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

NLC INDIA
CREATINGWEALTH FORWELLBEING

150 YEARS OF CELEBRATING THE MAHATMA

Lr.No.Secy/Reg.33 of LODR/2019 Dt.30.05.2019

To	To
The National Stock Exchange of India Ltd Plot No.C/1,G Block Bandra-Kurla Complex Bandra(E),Mumbai-400 051.	The Bombay Stock Exchange Ltd PhirozeJeeJeebhoyTowers Dalal Street Mumbai-400 001.
Scrip Code : **NLCINDIA**	Scrip Code : **513683**

Dear sirs,

Sub : Audited Financial Results for the year ended 31st March 2019-Outcome of the Board Meeting.

***

As required under Clause 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 (LODR), we furnish herewith a copy of the Standalone and Consolidated Audited Financial Results for the year ended 31st March 2019 which were approved by the Board of Directors at the meeting held on 30th May,2019 along with the copy of the Reports of the Auditors and Statement of Assets and Liabilities.

We hereby declare and confirm that the Audit Reports issued by P.K.K.G.Balasubramaniam & Associates and Chandran and Raman, Chartered Accountants, Joint Statutory Auditors of the Company on the Annual Audited Financial Results(Standalone and Consolidated) for the year ended 31st March,2019 are unmodified.

The meeting started at 14-30 Hours and ended at 18-30 Hours

Thanking you,

Yours faithfully,
for NLC India Limited

30/5/19
Company Secretary

NLC India Limited
"Navratna" - A Government of India Enterprise
Statement of Audited Financial Results for the Quarter and Year Ended March 31, 2019

(₹ in Lakh)

	Particulars	Standalone					Consolidated	
		Quarter Ended			Year Ended		Year Ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Audited)	(Un-audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	INCOME							
I	Revenue from Operotions	1,90,231	1,87,382	2,54,287	7,14,592	8,49,620	9,87,093	11,28,839
II	Other Income	36,449	19,647	28,389	91,335	58,685	90,754	57,595
III	**Total Income (I+II)**	**2,26,680**	**2,07,029**	**2,82,676**	**8,05,927**	**9,08,305**	**10,77,847**	**11,86,434**
IV	**EXPENSES**							
	Cost of Fuel consumed	-	-	-	-	-	1,75,181	1,66,146
	Changes in Inventories	(21,980)	14,163	(29,521)	24,292	6,744	24,292	6,744
	Employee Benefit Expenses	1,03,464	64,586	1,28,468	2,96,368	3,08,196	3,02,698	3,16,305
	Finance Costs	14,412	9,955	5,480	39,009	20,498	69,992	54,785
	Depreciation and Amortization Expenses	17,379	17,828	27,410	74,572	86,115	1,12,076	1,23,162
	Other Expenses	86,295	52,989	67,460	2,40,519	2,23,726	2,55,503	2,38,266
	Total Expenses (IV)	**1,99,570**	**1,59,521**	**1,99,297**	**6,74,760**	**6,45,279**	**9,39,742**	**9,05,408**
V	Profit / (loss) before Exceptional, & Rate Regulatory Activity (III-IV)	27,110	47,508	83,379	1,31,167	2,63,026	1,38,105	2,81,026
VI	Net Movement in Regulotory Deferral Account Balances Income / (Expenses)	48,277	1,430	51,068	85,941	(4,903)	1,21,556	(4,903)
VII	Profit / (loss) before Exceptional, & Tax (V+VI)	75,387	48,938	1,34,447	2,17,108	2,58,123	2,59,661	2,76,123
VIII	Exceptional Items	314	1,600	16,262	3,521	(5,944)	3,521	(5,944)
IX	Profit / (loss) before Tox (VII-VIII)	75,073	47,338	1,18,185	2,13,587	2,64,067	2,56,140	2,82,067
X	Tax Expense:							
	(1) Current Tax							
	- Current Year Tax (net of MAT)	17,734	7,247	16,251	28,827	46,408	28,827	50,860
	- Previous Year Tax	10,190	-	(24)	10,190	(24)	10,190	(24)
	- Tax Expenses / (Savings) on Rate Regulated Account	22,126	1,607	7,296	26,269	(1,100)	26,269	(1,100)
	(2) Deferred Tax	(3,990)	5,535	5,461	21,604	33,905	37,119	36,653
	Total Tax (X)	46,060	14,389	28,984	86,890	79,189	1,02,405	86,389
XI	**Profit / (loss) for the Year (IX-X)**	**29,013**	**32,949**	**89,201**	**1,26,697**	**1,84,878**	**1,53,735**	**1,95,678**
XII	Other Comprehensive Income (A) Items not reclassified to Profit or Loss: (Net of Tax) 1. Re-measurements of defined benefit plans	387	(4,246)	6,922	(3,420)	6,103	(3,420)	6,103
XIII	**Total Comprehensive Income Year (XI+XII) (Comprising Profit/(Loss) and other Comprehensive Income)**	**29,400**	**28,703**	**96,123**	**1,23,277**	**1,90,981**	**1,50,315**	**2,01,781**
XIV	Profit Attributable to							
	- Owners of the Parent						**1,50,771**	**1,94,276**
	- Non Controlling Interest						**2,964**	**1,402**
XV	Total Comprehensive Income Attributoble to							
	- Owners of the Parent						**1,47,351**	**2,00,379**
	- Non Controlling Interest						**2,964**	**1,402**
XVI	Paid up Equity Share Capitol (Face Value of ₹10/- per Share)	1,38,664	1,38,664	1,52,857	1,38,664	1,52,857	1,38,664	1,52,857
XVII	Paid up Debt Capital/ Outstanding Debt				13,16,631	8,71,981	20,59,839	13,21,537
XVIII	Reserve excluding Revaluation Reserve as per latest audited balance sheet				11,12,469	11,80,601	11,38,281	11,82,340
XIX	Debenture Redemption Reserve				-	15,000	-	15,000
XX	Debt Equity Ratio				1.06	0.66	1.63	1.00
XXI	Debt Service Coveroge Ratio				1.78	6.40	1.68	3.37
XXII	Interest Service Coverage Ratio				8.39	18.08	6.26	8.40
XXIII	Earnings per Equity Share (of ₹ 10 each) from continuing operations (before adjustment of Net Regulatory Deferral Balance):							
	(1) Basic (in ₹)	0.19	2.19	2.97	4.52	12.34	3.94	13.05
	(2) Diluted (in ₹)	0.19	2.19	2.97	4.52	12.34	3.94	13.05
XXIV	Earnings per Equity Share (of ₹ 10 each) from continuing operations (after adjustment of Net Regulatory Deferral Balance):							
	(1) Basic (in ₹)	1.96	2.17	5.84	8.54	12.09	10.36	12.80
	(2) Diluted (in ₹)	1.96	2.17	5.84	8.54	12.09	10.36	12.80

See accompanying notes to financial results.

CHANDRAN & RAMAN Chartered Accountants CHENNAI 600 004

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

NLC India Limited Neyveli

PART II

SLNO	PARTICULARS	Standalone					Consolidated	
		Quarter ended			Year ended		Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
A	**PARTICULARS OF SHAREHOLDING**							
I	Public Shareholding							
	No of shares	250851699	238542232	243965219	250851699	243965219	250851699	243965219
	Percentage of Shareholding	18.09%	17.20%	15.96%	18.09%	15.96%	18.09%	15.96%
II	Promoters and Promoter group Shareholding-							
	(a) Pledged/Encumbered							
	No of shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	percentage of Shares(as a % of the total shareholding of promoter group)							
	percentage of Shares(as a % of the total share capital of the company)							
	(b) Non-encumbered							
	No of shares	1135784910	1148094377	1284603208	1135784910	1284603208	1135784910	1284603208
	percentage of Shares(as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%	100%
	percentage of Shares(as a % of the total share capital of the company)	81.91%	82.80%	84.04%	81.91%	84.04%	81.91%	84.04%

	Particulars	Quarter ended 31st March 2019
B	**STATUS INVESTOR COMPLAINTS:**	
	Pending at the beginning of the quarter	0
	Received during the quarter	9
	Disposed of during the quarter	9
	Remaining unresolved at the end of the quarter *	0

* Since resolved.

Rakesh Kumar

NLC India Limited
NLC INDIA
Neyveli

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES
Chartered Accountants

NOTES:

1) The Financial results for the year ended March 31,2019 have been audited by the Statutory Auditors as required under Regulation 33. of the SEBI (Listing Obligations and Disclosure Requirements), 2015.

2) The audited results are subject to review by the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013.

3) Financial results of the company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder Further, the company has adopted Ind AS 115 which has been made mandatory with effective from 01.04.2018.

4) Last quarter figures are the balancing figures between audited figures in respect of full financial years and the published year-to-date figures up to the third quarter of the respective financial years.

5) During the year, in compliance with the guidelines of Department of Public Enterprises and settlement under section 12(3) of the Industrial Disputes Act 1947 between the Management and Recognized Trade Unions, the company has implemented the wage revision for Non-Executives (Unionized category of Workmen) effective from the period 01.01.2017.

   The total impact on account of such wage revision is Rs.46145 lakh in the year 2018-19. Out of the said sum, Rs.13680 lakhs attributable to thermal power plants have been considered under regulatory deferral income for FY:2018-19.

6) The company has adopted Ind AS 115 "Revenue from Contracts with Customers" as stated in para 2 above. The adjustments arising on account of adoption of Ind AS 115 have been considered in the Retained Earnings as on 01.04.2018 and impact of the same has also been considered in assets and liabilities. Accordingly, the previous year figures have not been restated (i.e. it is presented as reported previously) using cumulative effect approach and hence, the same is not comparable. The following table summarizes the impact, net of tax, of transition to Ind AS 115 on retained earnings as on 01.04.2018: -

(Rs. In Lakh)

Impact on Retained Earnings			
		Note*	Impact as on 1 April 2018
Retained earnings			
- Revenue from Operation (FY 2016-17)	(52,156)	22	(117,937)
- Revenue from Operation (FY 2017-18)	(65,781)		
Regulatory deferral account		31	117,937
Impact at April 1, 2018			Nil

* Note number relates to published Annual Report for FY 2017-18 (Standalone).

The following table summarizes the impact of Ind AS 115 on the company financial result for the year ended 31.03.2019 for each of the line item affected :-

Rs. In Lakh

Particulars	As Reported	Impact of Ind AS 115	Amounts without adoption of Ind AS 115
Total Income	8,05,927	1,70,855	9,76,782
Net Movement in Regulatory Deferral Account Balances Income / (Expenses)	85,941	-1,70,855	-84,914
Profit / (loss) after Exceptional Item and before Tax	2,13,587	-	2,13,587
Profit / (loss) for the period	1,26,697	-	1,26,697
Earnings per Equity Share: After Regulatory Account Basic and Diluted (in Rs)	8.54		8.54

Consequent upon the adoption of Ind AS 115 as stated above, revenue from sale of power for the year ended March 31, 2019 has been accounted considering the internal transfer price for lignite as calculated based on guidelines issued by Ministry of Coal (MOC) as against the past practice of adopting the lignite transfer price as approved by CERC for the fixation of tariff (subject to truing up). In view of the above, gross revenue from sale of power is lower by Rs.1,70,855 lakh with a corresponding reduction in Net Movement in Regulatory Deferral Account by the same amount. The change in the accounting practice as mentioned above has no impact on the profit for the financial year.

7) Sale of power includes Rs. 53843 Lakh (net) for the year ended on 31st March, 2019 for which Invoices on beneficiaries are raised in subsequent accounting period.

8) The company has filed appeals before the appellate authority (APTEL) against the following CERC orders which are pending for disposal.

   I. Thermal Power Station II (Neyveli) – Disallowance of de-capitalization of Life Extension Programme (LEP) Assets and reduction of claim towards capital expenses while truing up for the tariff period 2009-14.

   II. Lignite Truing up– Disallowance of Operational and Maintenance (O&M) escalation at 11.50% p.a as per Ministry of Coal (MoC) Guidelines considering FY 2008-09 as the base year

   III. Sharing of profits on adoption of pooled lignite price considering the cost of Mines – II Expansion.

The impact on the above mentioned orders has been considered appropriately under Regulatory Deferral Account Balances and Net Movement in Regulatory Deferral Balances and the status of the same are being reviewed at the year-end in accordance with Ind AS 114.

In accordance with Ind AS 114, the Company has undertaken a review of the Regulatory Deferral Accounts as on 31-Mar-2019. Such review has resulted in the following changes:

a. Consequent upon such review of item no III mentioned in point 8 above and based on development in the regulatory proceedings, the liability initially estimated at Rs.45440 Lakhs has been re-determined at Rs.32311 lakhs. The reduction in the said liability amounting to Rs.13129 Lakhs along with related period cost have been considered under regulatory deferral income with a corresponding decrease in Regulatory deferral liability.

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

NLC India Limited Neyveli

b. Consequent upon reduction in Lignite transfer price in 2018-19, the Company has undertaken review of its Regulatory liability created in the previous period related to the tariff period of 2014-19 and necessary recognition/ de-recognition has been considered in 2018-19

9) Formula used for computation of coverage ratios:
Debt Service Coverage Ratio (DSCR)= Earnings before Interest, Depreciation and Tax/ (Interest & Finance Charges net of amount transferred to expenditure during construction + Principal payment)

Interest service coverage ratio (ISCR)= Earnings before Interest, Depreciation and Tax/ (Interest & Finance Charges net of amount transferred to expenditure during construction).

10) Based on the Hon'ble Supreme Court of India's judgment dt 25.08.2014, the coal block allocation made through screening committee route has been cancelled. MNH Shakti Ltd a Joint Venture company in which NLC is having a stake of 15% is affected by the above said order. The company has invested Rs.1277 lakh so far. Since the winding up process is not yet commenced, the company has not made any provision in this regard

11) Exceptional item includes payment towards voluntary retirement scheme (VRS) amount being for Rs. 3521 Lakh for the year ended 31st March 2019.

12) Neyveli Bond 2009 issue of 6000 units @ 8.83%, Secured, Redeemable, Taxable, Non-convertible debentures at Rs10 Lakhs each raised through private placement for Rs 60000 Lakh. (ISIN: INE589A07029), had been redeemed on 23rd January'2019 by payment of Rs.652,98. lakh (along with interest).

13) The Board of Directors of NLC India Limited on 09.10.2018 accorded approval to buyback 14,19,31,818 number of fully paid-up Equity Shares of face value Rs.10 each from all the existing shareholders / beneficial owners of Equity Shares of the Company as on Record Date, on a proportionate basis, through the "Tender Offer" process, at a price of Rs 88 per Equity Share payable in cash, for an aggregate consideration of Rs. 12,48,99,99,984. The company had completed its buyback process on 04.12.2018 by making payment to the eligible shareholders.

14) The following previous year assets and liabilities balances have been reclassified / regrouped in the Standalone Financial Statements of 2018-19 and the corresponding impact has also been considered in Consolidated Financial Statements.

Rs in Lakh

Note-No	Description	As per Annual Report FY 2017-18	Reclassification impact	Reclassified Balance for FY 2017-18
9-d	Financial Assets-Loans (Current)	1,98,974	-22,353	1,76,621
9-e	Other Financial assets	4,893	-290	4,603
11	Other current assets	1,98,477	22,643	2,21,120
18-b	Sundry Creditors	49,524	1,05,727	1,55,251
19	Other Current Liability-Others	1,91,598	-1,05,727	85,871

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

NLC India Limited NLC INDIA Neyveli

15) (i) During the year, the company has changed the method of depreciation of Renewable Assets considering its residual value at 5% compared to 10% in the previous period. The impact of such changes amounting to Rs.290 Lakh has been accounted in the current financial year. The company also changed the method of depreciation of assets under Life Extension Programme restricting the life of all assets to the life of the main plant and impact of the same amounting to Rs.136 Lakh has been accounted in the current period.

(ii) During the year, the Company has re-drafted certain accounting policies for improved disclosures. There is no impact on financials of 2018-19 due to these changes.

16) First unit of Neyveli New Thermal Power Project (2 X 500 MW) which was scheduled for commercial operation in March-2019 has been rescheduled to June-2019 due to technical constraints.

17) During the year, the company has received favorable order from CERC with respect to ABT for the period from Dec-2013 for Barsingsar Thermal Plant. The impact of the same amounting to Rs.6162 Lakh (includes delay payment surcharge of 3599 Lakhs as on 31.03.2017) has been accounted in current year.

18) During the year, interim order has been received from APTEL for the payment of dues of Rs1,28330 Lakh from DISCOM by 31.03.2019. Subsequently, a stay petition for the same filed by DISCOM has been rejected by Honorable Supreme Court and directed for payment of the same by 31.12.2019.

19) During the F.Y 2018-19, an Interim Dividend @ 45.3 % was paid to the Members of the Company. The total dividend including the Dividend Distribution Tax (DDT) was Rs.75726 Lakh (Dividend of Rs.62815 Lakh and dividend distribution tax of Rs. 12912 Lakh), as against the total dividend of 45% paid for the F.Y 2017-18, with an outgo of Rs.82400 Lakh, including DDT, thereby compiling the requirements of DIPAM to pay a minimum annual dividend of 30% of PAT or 5% of the Net Worth whichever is higher, subject to the maximum dividend permitted under the extent legal provisions. The Board has considered the said dividend as final dividend for the year 2018-19.

20) Tax Expense of Rs.85386 Lakh represents provision for tax of the current year 2018-19 Rs.28827 lakh, previous year Rs.10190 lakh, deferred tax Rs. 21604 lakh and tax on OCI Rs. (-) 1506 lakh. the following:

21) The useful life of Specialized Mining Equipment's (SME) such as Bucket wheel excavator, Mobile Transfer Conveyor, Spreaders, Conveyors, etc. has been determined as 15 years as per Technical Assessment which is different from the useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

22) Events occurring after Balance Sheet Date - Board of Directors has accorded approval for issue of Secured, Redeemable, Non-cumulative, Non-Convertible and Taxable Bonds of Rs.10 Lakh each aggregating to Rs.2,00,000 lakh for a period of 10 years through private placement. On 29.05.2019, the company has allotted 14,750 Nos of bonds of Rs.10 Lakh each aggregating to Rs.1,47,500 Lakh at a coupon rate of 8.09%.

23) An arbitration award of Rs.2833 lakh against the company has not been accepted by the company as claim due, in view of the management decision for contesting of the said award in

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASU & ASSOCIATES Chartered Accountants

NLC India Limited Neyveli NLC INDIA

the appeal proceeding. Meanwhile the management is also taking efforts to settle the issue with the awardee out of court, the outcome of which cannot be ascertained as on date.

24) The following Subsidiaries and associates companies are considered in the consolidated financial results

(i) NLC Tamil Nadu Power Limited (NTPL) - Subsidiary Company - Shareholding - 89%

(ii) Neyveli Uttar Pradesh Power Ltd. (NUPPL) - Subsidiary Company - Shareholding - 51%

(iii) MNH Shakti Limited - Associate Company - Share of Joint Venture - 15%

25) The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30.05.2019.

26) Figures of the corresponding previous period have been regrouped / reclassified wherever necessary.

27) The statutory auditors have issued unmodified opinion on the standalone and the consolidated financial statements of the Company for the year ended 31 March, 2019.

For NLC India Limited

Rakesh Kumar

RAKESH KUMAR
CHAIRMAN CUM MANAGING DIRECTOR

Place: Neyveli
Date: 30.05.2019

NLC India Limited Neyveli NLC INDIA

CHANDRAN & RAMAN Chartered Accountants CHENNAI 600 004

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

NLC India Limited
"Navratna" - A Government of India Enterprise

Statement of Assets and Liabilities

(₹ in Lakh)

Sl. No.	Particulars	Standalone		Consolidated	
		As at		As at	
		March 31, 2019 (Audited)	March 31, 2018 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
A	**ASSETS**				
(1)	**Non-Current Assets**				
	(a) Property, Plant and Equipment	11,67,818	10,56,785	17,65,158	16,75,895
	(b) Intangible Asset	625	626	637	637
	(c) Capital Work-In-Progress	8,73,564	6,87,612	13,73,786	8,19,750
	(d) Asset under development	11,780	19,905	11,780	19,905
	(e) Financial Assets				
	i) Investments	2,82,358	2,42,137	1,269	1,269
	ii) Loans	4,260	6,745	4,260	6,745
	(f) Other Non-Current Assets	1,12,495	1,16,510	1,74,736	1,99,389
		24,52,900	**21,30,320**	**33,31,626**	**27,23,590**
(2)	**Current Assets**				
	(a) Inventories	1,46,438	1,68,890	1,72,010	2,08,942
	(b) Financial Assets			-	-
	i) Trade Receivables	4,60,619	3,36,615	6,18,695	4,55,803
	ii) Cash and Cash Equivalents	1,382	1,263	1,849	10,193
	iii) Other Bank Balances	30,334	26,602	51,258	26,654
	iv) Loans	71,660	1,76,621	3,739	1,621
	v) Other Financial Assets	4,871	4,603	4,917	4,622
	(c) Income Tax assets (Net)	69,296	77,772	69,860	78,197
	(d) Other Current Assets	1,18,741	2,21,120	1,26,465	2,27,579
		9,03,341	**10,13,486**	**10,48,793**	**10,13,611**
(3)	**Regulatory Deferral Account Debit Balances**	1,11,993	1,06,835	1,47,610	1,06,835
	TOTAL - ASSETS	**34,68,234**	**32,50,641**	**45,28,029**	**38,44,036**
B	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a) Equity Share Capital	1,38,664	1,52,857	1,38,664	1,52,857
	(b) Other Equity				
	i) Retained Earnings	8,84,346	9,55,161	9,10,158	9,56,900
	ii) Other Reserves	2,28,123	2,25,440	2,28,123	2,25,440
	Total Equity Attributable to the Owners of the Parent	**12,51,133**	**13,33,458**	**12,76,945**	**13,35,197**
	Minority Interest			1,10,175	68,568
	Total Equity	**12,51,133**	**13,33,458**	**13,87,120**	**14,03,765**
2	**Liabilities**				
(i)	**Non-Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	8,31,651	6,05,029	14,37,729	9,38,034
	(b) Deferred Tax Liabilities (Net)	2,09,347	1,87,742	2,28,336	1,91,217
	(c) Other Non-Current Liabilities	1,23,581	1,01,064	1,36,397	1,01,064
		11,64,579	**8,93,835**	**18,02,462**	**12,30,315**
(ii)	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	3,66,800	1,45,780	4,54,653	2,13,053
	(ii) Trade Payables				
	-Total outstanding dues of Micro and Small enterpirses	1,589	1,788	2,992	1,788
	-Total outstanding dues of creditors other than Micro and Small enterpirses	1,97,218	1,53,463	3,29,914	2,05,568
	(iii) Other Financial Liabilities	1,21,849	1,22,260	1,71,127	1,71,538
	(b) Other Current Liabilities	70,175	85,871	84,190	1,02,813
	(c) Provisions	51,010	65,778	51,690	66,788
		8,08,641	**5,74,940**	**10,94,566**	**7,61,548**
(3)	**Regulatory Deferral Account Credit Balances**	2,43,881	4,48,408	2,43,881	4,48,408
	TOTAL - EQUITY AND LIABILITIES	**34,68,234**	**32,50,641**	**45,28,029**	**38,44,036**

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

NLC India Limited

NLC INDIA LIMITED

Segment-wise Revenue, Results, Asset and Liabilities for the Quarter and Year ended 31st March, 2019

(₹ in lakhs)

Particulars	Standalone					Consolidated	
	Quarter ended	Quarter ended	Quarter ended	Year ended	Year ended	Year ended	Year ended
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	(Audited)	(UnAudited)	(Audited)	(Audited)		(Audited)	
1. Segment Revenue							
a. Lignite Mining	133140	131708	153405	509264	560288	508714	560288
b. Power Generation	189612	183062	252558	704484	865270	977535	1144489
Total	**322752**	**314770**	**405963**	**1213748**	**1425558**	**1486249**	**1704777**
Less: Inter Segment Revenue	132521	127388	151676	499156	575938	499156	575938
Net Sales/income from operations	**190231**	**187382**	**254287**	**714592**	**849620**	**987093**	**1128839**
2. Segment Results							
(Profit)+/Loss(-)before tax and interest from each Segment)							
a. Lignite Mining	7663	11336	8397	28612	101217	28612	101217
b. Power Generation	31924	24261	35241	75736	137937	114245	192841
Total	**39587**	**35597**	**43638**	**104348**	**239154**	**142857**	**294058**
Less:							
Interest	14412	9955	5480	39009	20498	69992	54785
Add:							
Other un-allocable income							
net off un-allocable expenditure (Excluding OCI)	1621	20266	28959	62307	50314	61719	47697
Total Profit Before Tax as per P&L Account	**26796**	**45908**	**67117**	**127646**	**268970**	**134584**	**286970**
Add:- Net movement in regulatory deferral. account balances income/(expenses)	**48277**	**1430**	**51068**	**85941**	**-4903**	**121556**	**-4903**
Add:- Other Comprehensive Income	**387**	**-4246**	**6922**	**-3420**	**6103**	**-3420**	**6103**
Total Profit Before Tax	**75460**	**43092**	**125107**	**210167**	**270170**	**252720**	**288170**
3. Segment Assets							
Lignite Mining	**519308**	**524848**	**593756**	**519308**	**593756**	**519308**	**593756**
Power Generation	**1396330**	**1233466**	**1180588**	**1396330**	**1180588**	**2310449**	**2061296**
Un - allocated	**1552596**	**1494713**	**1476297**	**1552596**	**1476297**	**1698272**	**1188984**
Total	**3468234**	**3253027**	**3250641**	**3468234**	**3250641**	**4528029**	**3844036**
4. Segment Liabilities							
Lignite Mining	**214076**	**187457**	**135494**	**214076**	**135494**	**214076**	**135494**
Power Generation	**130945**	**135802**	**185209**	**130945**	**185209**	**298017**	**258860**
Un - allocated	**1872080**	**1632309**	**1596480**	**1872080**	**1596480**	**2738991**	**2114485**
Total	**2217101**	**1955568**	**1917183**	**2217101**	**1917183**	**3251084**	**2508839**

Place :- Neyveli

Date :- 30.05.2019

Rakesh Kumar

RAKESH KUMAR

CHAIRMAN CUM MANAGING DIRECTOR

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

NLC India Limited NLC INDIA Neyveli

NLC India Limited
"Navratna" - A Government of India Enterprise

Extract of Audited Standalone and Consolidated Financial Results for the Quarter and Year Ended March 31, 2019

(₹ In Lakh except otherwise stated)

Sl. No.	Particulars	Standalone					Consolidated	
		Quarter Ended			Year Ended		Year Ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		(Audited)	(Un-audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Total Income from Operations (Net)	1,90,231	1,87,382	2,54,287	7,14,592	8,49,620	9,87,093	11,28,839
2	Net Profit / (Loss) for the period before Tax (before Exceptional & Rate Regulated Activity)	27,110	47,508	83,379	1,31,167	2,63,026	1,38,105	2,81,026
3	Net Profit / (Loss) for the period before Tax (after Exceptional & Rate Regulated Activity)	75,073	47,338	1,18,185	2,13,587	2,64,067	2,56,140	2,82,067
4	Net Profit / (Loss) for the period after Tax	29,013	32,949	89,201	1,26,697	1,84,878	1,53,735	1,95,678
5	Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	29,400	28,703	96,123	1,23,277	1,90,981	1,50,315	2,01,781
6	Paid-up Equity Share Capital (Face Value of ₹ 10/- each)	1,38,664	1,38,664	1,52,857	1,38,664	1,52,857	1,38,664	1,52,857
7	Reserves (excluding Revaluation Reserve)				11,12,469	11,80,601	11,38,281	11,82,340
8	Net Worth				12,39,353	13,13,553	12,65,164	13,15,292
9	Paid up Debt Capital / Outstanding Debt				13,16,631	8,71,981	20,59,839	13,21,537
10	Debenture Redemption Reserve				-	15,000	-	15,000
11	Debt Equity Ratio				1.06	0.66	1.63	1.00
12	Debt Service Coverage Ratio (DSCR)				1.78	6.40	1.68	3.37
13	Interest Service Coverage Ratio (ISCR)				8.39	18.08	6.26	8.40
14	Earnings per Equity Share (of ₹ 10 each) from continuing operations (before adjustment of Net Regulatory Deferral Balance):							
	Basic (in ₹)	0.19	2.19	2.97	4.52	12.34	3.94	13.05
	Diluted (in ₹)	0.19	2.19	2.97	4.52	12.34	3.94	13.05
15	Earnings per Equity Share (of ₹ 10 each) from continuing operations (after adjustment of Net Regulatory Deferral Balance):							
	Basic (in ₹)	1.96	2.17	5.84	8.54	12.09	10.36	12.80
	Diluted (in ₹)	1.96	2.17	5.84	8.54	12.09	10.36	12.80

Note:
The above is an extract of the detailed format of Quarter and Year Ended Audited financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarter and Year Ended Audited financial results are available on the Stock Exchanges websites at **www.nseindia.com** & **www.bseindia.com** and on company's website i.e. **www.nlcindia.com.**

For NLC INDIA LIMITED

Rakesh Kumar

RAKESH KUMAR

CHAIRMAN CUM MANAGING DIRECTOR

Place: Neyveli

Date : 30.05.2019

CHANDRAN & RAMAN ★ CHENNAI 600 004 ★ Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES ★ CA Chartered Accountants

NLC India Limited ★ NLC INDIA ★ Neyveli

M/s. Chandran & Raman,
Chartered Accountants,
Paragon No. 2,
Dr. Radhakrishnan Salai,
2nd Street, Mylapore,
Chennai-600004.

M/s. P K K G Balasubramaniam & Associates,
Chartered Accountants,
Door No. 10/2,
Eighth Street,
Gandhi Nagar,
Thiruvannamalai-606602.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NLC INDIA LIMITED
(FORMERLY NEYVELI LIGNITE CORPORATION LIMITED)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **NLC INDIA LIMITED** (Formerly Neyveli Lignite Corporation Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including other Comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

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 (financial position) of the Company as at 31st March, 2019, and its profit, total comprehensive income, changes in equity and its Statement of cash flows for the year ended on that date.

Basis for Opinion

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

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered
Accountants

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following have been considered as Key Audit Matters:

Sl. No.	Key Audit Matters	Auditor's Response
1	Revenue recognition on sale of power to entities (DISCOMS) and the disclosure requirements vis-à-vis the requirements for complying with IND AS-114- Regulatory Deferral Accounts & IND AS-115 – Revenue from Contracts with Customers. The Central Electricity Regulatory Commission (CERC) / State Electricity Regulatory Commission (SERC) determine the tariff rates to be charged by the company for the sale of thermal and renewable power respectively. Tariff rates for sale of thermal power are determined by CERC for a block of 5 years and the rates prescribed for the block period 2014-2019 have been considered by the company for recognizing the revenue under operating income – sale of power. The tariff for thermal power includes lignite transfer price which is determined in accordance with the guidelines issued by the Ministry of Coal (MoC). In addition to the recognition of revenue as stated above, the company recognizes certain items of income/ expenditure in accordance with Mandatory Accounting Standard – IND AS 114 – Regulatory Deferral Accounts. Accordingly, the company has recognized Rs. 859.41 crores as Net Movement in Regulatory Deferral Account balances in the Statement of Profit and Loss with a corresponding impact under Regulatory Deferral Assets/Liabilities. *Refer Note nos 1(XV) & 1(XXVI) and Note No.29 of the standalone Financial statement.*	We have analyzed the accounting principles consistently followed by the company for recognition of the revenue arising on sale of power, commencing from financial year 2016-17 where in the company has opted for complying with IND AS 114 (Regulatory Deferral Accounts). It is observed by us that the accounting policy followed by the company for revenue recognition is in accordance with the principles laid down by IND AS 114 dealing with recognition of revenue by companies whose tariff rates are governed by the orders of a rate regulator which in this case is Central Electricity Regulatory Commission / State Electricity Regulatory Commission. It is observed that the consideration of various items under "Net movement in regulatory deferral account balances" and the treatment in the audited accounts are in compliance with the accounting principles laid down in IND AS 114.

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

2	Accounting of Surcharge Due from entities (DISCOMS) for any delay in the settlement of claims due to the company results in levy of surcharge in accordance with the terms and conditions of the agreement entered into for the sale of power. For the financial year 2018-19 the company has recognized a sum of Rs.478.37 crores as surcharge under other income – *Refer Note No.23 - on Financial statement.*	Accounting of surcharge was examined by us to ensure that all the material amounts of surcharge accounted by the company as income were in accordance with the terms and conditions of the contracts entered into by the company with DISCOMS.
3	Disputed Tax demands – Direct and Indirect taxes and measurement and the related disclosure in accordance with IND AS- 37 Provisions, Contingent Liabilities and Contingent Assets. There are several items of disputes pending in various appellate forums in respect of determination and quantification of liability towards direct and indirect taxes by the departments. Liabilities in respect of disputed demands are considered only as contingent liabilities pending the outcome of the decision of the appellate authorities. The total amount of disputed liabilities on account of Direct and Indirect taxes as disclosed in *Note No.53* is Rs. 368.78 crore.	Details of the tax liabilities contested in the appeals were obtained and analyzed by us to ensure that the amount of Rs.368.78 crore disclosed under contingent liability had not become ascertained liability as on 31-3-2019. - Orders of the Appellate authorities for the adjudication of similar items in the earlier accounting years in favor of the company were perused to evaluate the similarity of the facts and also to ensure the disclosure of the disputed demands under contingent liability was in accordance with the requirements of IND AS-37, Provisions, Contingent Liabilities and Contingent Assets - The contention of the management as to the contingent nature of liabilities was also analyzed in the light of expert legal opinion obtained by the company.
4	Amounts disclosed under contingencies and commitments - from others - Note No - 53. A sum of Rs.11,434.18 crore has been considered by the company under the above head. This sum represents claims of third parties including the compensation for land acquisition and contractors. The company has not accepted the said claims which are contested in legal proceedings and are pending for disposal by the appellate authorities.	We have verified the list of claims made by third parties. Status of the appeals filed and pending for disposal as on 31st March 2019 was analyzed. It is was observed that there was no change in the status as compared to 31st March 2018.

CHANDRAN & RAMAN
CHENNAI 600 004
Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

Key audit matters reported by the branch auditors and considered by us		
5	Amount of Rs.349.13 crore included under Capital Work in Progress (project Put on Hold), Bithnok and BTPSE project.	We have obtained the details of project activities of Bithnok and BTPSE project from the management. We have noted that the company has incurred capital expenditure of Rs.349.13 crore and Rs.168.17 crore in Bithnok and BTPSE project respectively which includes land of Rs.176.92 crore and capital advance of Rs.261.72 crore. On the basis of clarification received from management, current year expenses also have been capitalized in the project cost. We have obtained the information from records and found that Rajasthan government has accorded in-principle approval for revival of the project with certain conditions. We have obtained the management reply that the discussions with Rajasthan Government and M/s. Reliance Infrastructure Limited by NLCIL's top level management for revival of the project are under progress.

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 standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

CHANDRAN & RAMAN ★ CHENNAI 600 004 ★ Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES ★ CA Chartered Accountants

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 29 including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

CHANDRAN & RAMAN Chartered Accountants CHENNAI 600 004

P K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

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

Emphasis of Matter

We draw attention to the Note No - 29 – Net movement in regulatory deferral account balances Income/expenses -to the Standalone financial statements:

a. As explained in the said note, a sum of Rs.131.29 crore along with period cost has been derecognized under regulatory deferral liabilities during the current financial year on account of redetermination of the estimated liabilities arising out of orders of CERC in respect of sharing of incentives and revenue on sale of lignite to outsiders respectively and inclusion of the said amount under Regulatory deferral income

b. Our opinion is not modified in respect of the said matter.

Other Matter

We did not audit the financial statements of One (1) Branch included in the Standalone Financial Statements of the Company which reflected a total asset of Rs.1628.51 crores as at March 31, 2019 and a total revenue of Rs.188.81 crores for the year ended on that date. The financial statements of this Branch have 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 paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by Section143(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 reports on accounts of the Branch Office of the Company audited under Sec 143(8) of the Act by the Branch Auditor have been sent to us and have been properly dealt with by us in preparing this report.

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

(d) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.

(e) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(f) As per Notification No: G.S.R 463(E) dated 05.06.2015, subsection (2) of Sec 164 of the Companies Act, 2013 is not applicable to Government Companies.

(g) With respect to adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, we give our report in Annexure-II. Our report expresses an unmodified opinion on the operating effectiveness of the Company's internal financial controls over financial reporting.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer to Note 51 to financial statements.

ii. The Company has long term contracts for coal mining, power sale, project execution etc. However as at March 31, 2019 there were no material foreseeable losses on those contracts. The company did not have any derivative contracts as at March 31, 2019

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 Sec 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 CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 000571S

S. PATTABIRAMAN
Partner
M No. 014309

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

For P K K G BALASUBRAMANIAM & ASSOCIATES,
Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

Place: Neyveli.

Date: 30th May, 2019.

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

The Annexure referred to in our report to the members of **NLC INDIA LTD**, (the Company') for the year Ended on 31.03.2019:

1. **Fixed Assets**

   (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company is having a regular programme of physical verification of all fixed assets (Property, Plant and Equipment) over a period of 2 years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

2. **Inventory**

   The inventory has been physically verified at reasonable intervals by the management. No material discrepancies were noticed during such verification.

3. **Transactions of loans 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.

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

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, GST 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, GST and any other statutory dues were outstanding as at 31st March 2019 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, Cess and GST which have not been deposited on account of any dispute except as reported below:

Name of the Statute	Nature of Dues	Demand Amount (Rs Lacs)	Amount Deposited under Protest (Rs Lacs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	2685.00	983.00	-	CESTAT
Income Tax Act	Income Tax	7481.82	-	AY 2013-14	ITAT
		6814.83	-	AY 2014-15	ITAT
		3089.11	617.82	AY 2011-12	CIT(A)
		12936.47	2587.29	AY 2015-16	CIT(A)
		651.47	130.29	AY 2016-17	CIT (A)
Finance Act, 1994	Service Tax	89.56	6.72	Apr 2009 to Jun 2012	CESTAT
		51.34	7.00	Jul 2012 to Mar 2014	CEC(A)
		852.59	63.94	Jul 2012 to Mar 2015	CESTAT
		366.59	27.49	Jul 2012 to Mar 2014	CESTAT
		25.54	2.55	Apr 2014 to Mar 2015	CESTAT
		9.24	0.92	Apr 2014 to Mar 2015	CEC(A)
		121.37	12.14	Apr 2014 to Mar 2015	CEC(A)
		205.62	-	Jun 2008 to Mar 2012	CESTAT
		72.83	5.46	Apr 2015 to June 2017	CEC(A)
		1417.27	106.30	Apr 2015 to June 2017	CEC(A)
		8.05	0.60	Apr 2015 to June 2017	CEC(A)

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

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 way of 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**

As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

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 subsection (11) of Section 143 of the Act do 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.

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES
Chartered Accountants

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 CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 00571S

S. PATTABIRAMAN
Partner
M No. 014309

Place: Neyveli.

Date: 30th May, 2019.

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

For P K K G BALASUBRAMANIAM & ASSOCIATES,
Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

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. NLC INDIA LIMITED** (formerly Neyveli Lignite Corporation Limited) ("the Company") as of March 31, 2019 in connection 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 have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

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, to the best of our information and according to the explanations given to us, 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 00571S

S. PATTABIRAMAN
Partner
M No. 014309

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

Place: Neyveli.
Date: 30th May, 2019

For P K K G BALASUBRAMANIAM & ASSOCIATES,
Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

Annexure-III to Independent Auditors' Report
Comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India

Directions u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken on the directions	Impact on financial statement
1. Whether the company has a system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The company has implemented SAP ERP system for recording of its financial transactions other than Inventory management and Payroll processing. The company continued to use the material management software for recording of inventory and payroll accounting for processing employee's salary. Our examination of records did not reveal any transactions not coming within the purview of IT systems stated above.	N.A.
2. Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	During the year under audit, there were no cases of waiver/write off / restructuring of any debt /loan /interest etc.	NA
3. Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	The company has received Rs.2.19 crore as grants for various schemes from Central / State agencies and the same have been properly accounted for and utilized as per the terms and conditions stipulated.	NA

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

4. Whether the reconciliation and recognition of revenue has been done as per payment priority clause of Power Purchase Agreement and in line with Regulation of Central Electricity Regulatory Commission without extending rebate beyond a month?	The recognition of revenue has been done as per payment priority clause of Power Purchase Agreement. The dues from the beneficiaries are being reconciled on a periodical basis. Our verification of the records indicated the company is granting rebate to the beneficiary if the dues are settled within a period of 60 days from the date of Invoice.	**NA**

For CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 00571S

S. Pattd

S. PATTABIRAMAN
Partner
M No. 014309

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

Place: Neyveli

Date: 30th May, 2019.

For P K K G BALASUBRAMANIAM & ASSOCIATES,
Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

M/s. Chandran & Raman,
Chartered Accountants,
Paragon No. 2,
Dr. Radhakrishnan Salai,
2nd Street, Mylapore,
Chennai-600004.

M/s. P K K G Balasubramaniam & Associates,
Chartered Accountants,
Door No. 10/2,
Eighth Street,
Gandhi Nagar,
Thiruvannamalai-606602.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NLC INDIA LIMITED
(FORMERLY NEYVELI LIGNITE CORPORATION LIMITED)

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of M/s. NLC INDIA LIMITED (formerly 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 associate and jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31 March, 2019, the Consolidated Statement of Profit and Loss (Including other comprehensive income), Consolidated Statement of Changes in Equity, 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").

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 state of affairs (financial position) of the Group as at 31st March, 2019, and its consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following have been considered as Key Audit Matters:

Sl. No.	Key Audit Matters	Auditor's Response
1	Revenue recognition on sale of power to entities (DISCOMS) and the disclosure requirements vis-à-vis the requirements for complying with IND AS-114- Regulatory Deferral Accounts & IND AS-115 – Revenue from Contracts with Customers The Central Electricity Regulatory Commission (CERC) / State Electricity Regulatory Commission (SERC) determine the tariff rates to be charged by the company for the sale of thermal and renewable power respectively. Tariff rates for sale of thermal power are determined by CERC for a block of 5 years and the rates prescribed for the block period 2014-2019 have been considered by the company for recognizing the revenue under operating income – sale of power. The tariff for thermal power includes lignite transfer price which is determined in accordance with the guidelines issued by the Ministry of Coal (MoC). In addition to the recognition of revenue as stated above, the company recognizes certain items of income/ expenditure in accordance with Mandatory Accounting Standard – IND AS 114 – Regulatory Deferral Accounts. Accordingly, the company has recognized Rs. 859.41 crores as Deferral Income in the Statement of Profit and Loss with a corresponding impact under Deferral Assets/Liabilities. *Refer Note nos 1(XV) & 1(XXVI) and Note No.29 of the Consolidated Financial statement.*	We have analyzed the accounting principles consistently followed by the company for recognition of the revenue arising on sale of power, commencing from financial year 2016-17 where in the company has opted for complying with IND AS 114 (Regulatory Deferral Accounts). It is observed by us that the accounting policy followed by the company for revenue recognition is in accordance with the principles laid down by IND AS 114 dealing with recognition of revenue by companies whose tariff rates are governed by the orders of a rate regulator which in this case is Central Electricity Regulatory Commission / State Electricity Regulatory Commission. It is observed that the consideration of various items under "Net movement in regulatory deferral account balances" and the treatment in the audited accounts are in compliance with the accounting principles laid down in IND AS 114.
2	Accounting of Surcharge Due from entities (DISCOMS) for any delay in the settlement of claims due to the company results in levy of surcharge	Accounting of surcharge was examined by us to ensure that all the material amounts of surcharge accounted by the company as income were in accordance with the terms and conditions of the

CHANDRAN & RAMAN * Chartered Accountants CHENNAI 600 004

P K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

	in accordance with the terms and conditions of the agreement entered into for the sale of power. For the financial year 2018-19 the company has recognized a sum of Rs.478.37 crores as surcharge under other income – *Refer Note No.23 - on Financial statement.*	contracts entered into by the company with DISCOMS.
3	Disputed Tax demands – Direct and Indirect taxes and measurement and the related disclosure in accordance with IND AS- 37 Provisions, Contingent Liabilities and Contingent Assets. There are several items of disputes pending in various appellate forums in respect of determination and quantification of liability towards direct and indirect taxes by the departments. Liabilities in respect of disputed demands are considered only as contingent liabilities pending the outcome of the decision of the appellate authorities. The total amount of disputed liabilities on account of Direct and Indirect taxes as disclosed in *Note No.52* is Rs. 368.78 crore.	Details of the tax liabilities contested in the appeals were obtained and analyzed by us to ensure that the amount of Rs.368.78 crore disclosed under contingent liability had not become ascertained liability as on 31-3-2019. - Orders of the Appellate authorities for the adjudication of similar items in the earlier accounting years in favor of the company were perused to evaluate the similarity of the facts and also to ensure the disclosure of the disputed demands under contingent liability was in accordance with the requirements of IND AS-37, Provisions, Contingent Liabilities and Contingent Assets - The contention of the management as to the contingent nature of liabilities was also analyzed in the light of expert legal opinion obtained by the company.
4	Amounts disclosed under contingencies and commitments - from others - Note No - 52. A sum of Rs. 11,434.18 crore has been considered by the company under the above head. This sum represents claims of third parties including the compensation for land acquisition and contractors. The company has not accepted the said claims which are contested in legal proceedings and are pending for disposal by the appellate authorities.	We have verified the list of claims made by third parties. Status of the appeals filed and pending for disposal as on 31st March 2019 was analyzed. It is was observed that there was no change in the status as compared to 31st March 2018.
Key audit matters reported by the branch auditors and considered by us		
5	**Amount of Rs.349.13 crore included under Capital Work in Progress (project Put on Hold), Bithnok and BTPSE project.**	We have obtained the details of project activities of Bithnok and BTPSE project from the management. We have noted that the company has incurred capital expenditure of Rs.349.13 crore and Rs.168.17 crore in Bithnok and BTPSE project respectively which

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

		includes land of Rs.176.92 crore and capital advance of Rs.261.72 crore. On the basis of clarification received from management, current year expenses also have been capitalized in the project cost. We have obtained the information from records and found that Rajasthan government has accorded in-principle approval for revival of the project with certain conditions. We have obtained the management reply that the discussions with Rajasthan Government and M/s. Reliance Infrastructure Limited by NLCIL's top level management for revival of the project are under progress.
Key audit matters reported by the statutory auditor of the Subsidiary Company – NLC TAMILNADU POWER LIMITED and considered by us		
6	On 16.01.2019, Unit -2 of NTPL 2 x 500 MW Thermal Power Station tripped due to fire occurred near the generator end and the winding and other Parts of the generator rotor got severely damaged. Consequently, Unit 2 was not in operation from that date, resulting in loss of revenue for the Period up to 31.03.2019.	We found that vide agenda item No: 82.14 in the Board meeting held on 06.02.2019 approval has been accorded for rectification of Unit 2 by recognizing the occurrence of the event.
7	The Company has filed interim truing up Petition with CERC claiming an amount of Rs. 77,438/- lakhs towards discharged liabilities for capital expenditure from the date of commissioning up to 31.3.2018. The said expenditure is covered under the original scope of the work as approved in the Project cost. Accordingly, an amount of Rs. 29,539/- Lakhs has been recognized under capacity charges as per regulation'. The same is explained in detail in Note 29 and Note 42 to financial statements.	Interim tariff order dated 11.07.2017 granted by the CERC had set 31.03.2018 as cut-off date for claiming the balance un-discharged liabilities in respect of the capital expenditure covered under the original scope of the work as approved in the project cost. The Company has reviewed(assessed) the regulatory deferral balances in respect of income and expenditure with reference to the underlying activities that meet the recognition criteria as Per CERC Regulations. We verified this with reference to CERC Tariff Advisory Order 2014-19, interim order dated 11.07.2017 and truing-up petition filed based on audited financials up to 31.03.2018.

Management's Responsibility for the Consolidated 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 Consolidated financial

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES CA Chartered Accountants

statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity, and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, 29 including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Emphasis of Matter

We draw attention to the Note No - 29 – Net movement in regulatory deferral account balances Income/expenses -to the Consolidated financial statements:

a. As explained in the said note, a sum of Rs.131.29 crore along with period cost has been derecognized under regulatory deferral liabilities during the current financial year on account of redetermination of the estimated liabilities arising out of orders of CERC in respect of sharing of incentives and revenue on sale of lignite to outsiders respectively and inclusion of the said amount under Regulatory deferral income.

   As reported by the auditor of the subsidiary company NLC TAMILNADU POWER LIMITED in their audit report dated 27.05.2019 -

b. Note number 53c of notes to balance sheet- "Regarding balances of Sundry creditors, Debtors, Loans and advances and deposits which are subject to confirmation and reconciliation."
c. Note number 53d of notes to balance sheet- A sum of Rs. 7,22,26,139/- has been accounted during the year as rebate to DISCOMS (BESCOM-Rs.6,65,27,250/-; MESCOM -Rs.56,98,889/-) pertaining to past years after reconciliation during the year. This accentuates the stress on reconciling parties accounts regularly and / obtaining confirmation of balances at regular intervals'.

d. Our opinion is not modified in respect of the said matters.

CHANDRAN & RAMAN ★ CHENNAI 600 004 ★ Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES ★ Chartered Accountants

Other Matter

We did not audit the financial statements of TWO (2) subsidiaries, and ONE (1) Associate and jointly controlled entity, whose financial statements reflect total assets of Rs.14228.37 crore as at 31st March, 2019, total revenues of Rs.2899.16 crore and net cash flows amounting to Rs. (11.64) 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 profit of Rs.270.46 crore for the year ended 31 March, 2019, as considered in the consolidated financial statements, in respect of aforesaid TWO (2) subsidiaries, and ONE (1) Associate and jointly Controlled entity whose financial statements have not been audited by us. These financial statements have been audited by other independent statutory 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, Associate and jointly controlled entity 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, associate and jointly controlled entity, 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 Section143(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 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, (Including other comprehensive income), the Consolidated Cash Flow Statement and the 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

   (f) With respect to adequacy of the internal financial control over financial reporting of the company 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 Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

CHANDRAN & RAMAN CHENNAI 600 004 Chartered Accountants

P K G BALASUBRAMANIAM & ASSOCIATES Chartered Accountants

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note 52

ii. The Group had long term contracts for coal mining, power sale, project execution etc. However as at March 31, 2019 there were no material foreseeable losses on those contracts. The Group did not have any derivative contracts as at March 31, 2019

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 Company and jointly controlled entity incorporated in India.

2. As required by Sec 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 CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 00571S

S. PATTABIRAMAN
Partner
M No. 014309

CHANDRAN & RAMAN ★ Chartered Accountants ★ CHENNAI 600 004

Place: Neyveli.

Date: 30th May, 2019

For P K K G BALASUBRAMANIAM & ASSOCIATES, Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES ★ Chartered Accountants

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 connection with our audit of the consolidated financial statements of the Company for the year ended March 31, 2019, We have audited the internal financial controls over financial reporting of **M/S NLC INDIA LIMITED** (formerly Neyveli Lignite Corporation Limited) (hereinafter referred to as "the Holding Company") and its subsidiary Companies, its associate and jointly controlled entity, 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 and jointly controlled entity, 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 onAuditing, 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 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 internal financial controls system over financial reporting We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiaries and jointly controlled entity.

CHANDRAN & RAMAN ★ Chartered Accountants CHENNAI 600 004

P K K G BALASUBRAMANIAM & ASSOCIATES ★ Chartered Accountants

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, and its associate and jointly controlled entity, 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, 2018, 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

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 toTWO (2) subsidiary Companies and ONE (1) associate and jointly controlled entity, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such Companies incorporated in India.

For CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 005717S

S. PATTABIRAMAN
Partner
M No. 014309

Place: Neyveli
Date: 30th May, 2019

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

For P K K G BALASUBRAMANIAM & ASSOCIATES, Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

Annexure-II to Independent Auditors' Report
Comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India

Directions u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken on the directions	Impact on financial statement
1. Whether the company has a system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	**In Respect of NLCIL:** The company has implemented SAP ERP system for recording of its financial transactions other than Inventory management and Payroll processing. The company continued to use the material management software for recording of inventory and payroll accounting for processing employee's salary. Our examination of records did not reveal any transactions not coming within the purview of IT systems stated above. **In respect of NTPL:** The Company has entered in to a Corporate Service Agreement with its parent Company, NLC India Limited (NLCIL) for certain services like payroll, personnel information, e-tendering, maintenance of fixed assets register and generation of depreciation statement. The Company has introduced with effect from 01.04.2018, an On-line Materials Management System (OLIMMS). Financial accounting is done through Financial Accounting Systems (FAS). The FAS does not facilitate generation of individual party ledger accounts with the result that all transactions relating to vendors are passed in designated accounts which are in essence, only the control accounts for that category of creditors. The details of the party's accounts are maintained outside the FAS in an Excel work book with overall controls like matching the totals of the debits and credits in the control accounts with that of the work-book.	**N.A.**

CHANDRAN & RAMAN
CHENNAI 600 004
Chartered Accountants

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants

	This is not only duplication of work but lacks in authenticity as the entries are not generated by the source entry of credits and debits. The Company has informed that the financial accounting has been migrated to SAP from 01.04.2019 and the party's ledger will be readily extractable without any duplication of efforts and the same will not be lacking in authenticity. **In respect of NUPPL:** Yes, the company has system in place to process all accounting transactions through IT system. No accounting transactions were found recorded outside the IT system.	
2. Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	**In Respect of the Group:** During the year under audit, there were no cases of waiver/write off / restructuring of any debt /loan /interest etc.	**NA**
3. Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	**In respect of NLCIL:** The company has received Rs.2.19 crore as grants for various schemes from Central / State agencies and the same have been properly accounted for and utilized as per the terms and conditions stipulated. **In respect of NUPPL:** Yes, funds received for specific schemes from Central / State agencies were properly accounted for and utilized as per the terms and conditions. **In respect of NTPL and MNH Shakti:** No funds were received.	**NA**

4. Whether the reconciliation and recognition of revenue has been done as per payment priority clause of Power Purchase Agreement and in line with Regulation of Central Electricity Regulatory Commission without extending rebate beyond a month?	The recognition of revenue has been done as per payment priority clause of Power Purchase Agreement. The dues from the beneficiaries are being reconciled on a periodical basis. Our verification of the records indicated the company is granting rebate to the beneficiary if the dues are settled within a period of 60 days from the date of Invoice.	**NA**
5. Whether the company has conducted Physical verification exercise of assets and properties at the time of Merger/Spilt/Restructure of an area. If so, whether the concerned subsidiary followed the requisite procedure ?	There is no merger/spilt/restructure of an area during the FY 2018-19.	**NA**

For CHANDRAN & RAMAN,
Chartered Accountants,
Firm Regn. No. 00571S

S. PATTABIRAMAN
Partner
M No. 014309

Place: Neyveli
Date: 30th May, 2019

CHANDRAN & RAMAN
CHENNAI
600 004
Chartered Accountants

For P K K G BALASUBRAMANIAM & ASSOCIATES, Chartered Accountants,
Firm Regn. No. 001547S

C. RAMESH
Partner
M No. 025985

P K K G BALASUBRAMANIAM & ASSOCIATES
CA
Chartered Accountants