

**ANNAMALAI ASSOCIATES  
CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NC ENERGY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **NC ENERGY LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2016, the Cash Flow Statement and the Statement of Pre-Operative Expenses for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**ANNAMALAI ASSOCIATES  
CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NC ENERGY LIMITED**

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) in our opinion proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;

c) the balance sheet, the cash flow statement and the statement of pre-operative expenses dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;

e) on the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act and

f) In our opinion, the company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company.

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

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

**For Annamalai Associates  
Chartered Accountants**

**(A.L. Raghunathan)  
Partner**

**M. No.: 208196**

**FRN: 000185S**

**Place: Chennai**

**Date: 20<sup>th</sup> May 2016**

**ANNAMALAI ASSOCIATES  
CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NC ENERGY LIMITED**

**The Annexure referred to in our independent auditors report to the members of the company on the standalone financial statements for the year ended 31st March, 2016, we report that:**

- i. According to the information and explanations given to us:
  - (a). The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b). All the fixed assets were physically verified during the year by the management and no discrepancies were noticed on such verification.
  - (c). The title deeds of immovable properties are held in the name of the Company.
  
- ii. The company has not yet started its commercial operations; hence, clause (ii) of paragraph 3 of the order is not applicable.
  
- iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
  
- iv. The company does not have any loans, investments, guarantees or security in terms of section 185 and 186 of the Act; hence, clause (iv) of paragraph 3 of the order is not applicable.
  
- v. The Company has not accepted any deposits from the public.
  
- vi. The maintenance of cost records as prescribed by the Central Government is not applicable to the company, since, the company has not started its commercial operations.
  
- vii. (a) According to the information and explanations given to us and on the basis of examination of the books of the company, the company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, investor education and protection fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, and any other statutory dues, as applicable, with the appropriate authorities in India and no undisputed statutory dues were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.  
  
(b) According to the records of the company and on the basis of information and explanations given to us, there are no dues outstanding in respect of provident fund, employee's state insurance, investor education and protection fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, and any other statutory dues on account of any disputes.
  
- viii. The company has not borrowed any loans from financial institutions, banks, Government, debenture holders; hence, clause (viii) of paragraph 3 of the order is not applicable.
  
- ix. The company has not raised money from public through initial public offer (IPO) or further public offer (FPO) and the company does not have any term loans; hence, clause (ix) of paragraph 3 of the order is not applicable.
  
- x. We have not noticed or reported any fraud by the Company or any fraud on the Company by its officers/ employees during the year.

**ANNAMALAI ASSOCIATES  
CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NC ENERGY LIMITED**

- xi. The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act, 2013.
- xii. The company is not a Nidhi company; hence, clause (xii) of paragraph 3 of the order is not applicable.
- xiii. All the transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Act and the details have been disclosed under notes on accounts in the financial statements.
- xiv. The company has not made any preferential allotment of private placement of shares to parties and companies covered under the provisions of section 42 of the Act. The company has offered shares to its existing shareholders on rights basis in proportion to their shareholding on respective dates and issued to the applied shareholders without any differential rights and on pari-passu with existing shares.
- xv. According to the information and explanations given to us and on the basis of examination of the books of accounts of the company, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. The company is not required to be registered with Reserve Bank of India as per section 45-IA of the Reserve Bank of India Act, 1934; hence, clause (xvi) of paragraph 3 of the order is not applicable.

**Place: Chennai  
Date: 20<sup>th</sup> May 2016**

**For Annamalai Associates  
Chartered Accountants**

**(A.L. Raghunathan)  
Partner  
M. No.: 208196  
FRN: 000185S**

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF NC ENERGY LIMITED**

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

We have audited the internal financial controls over financial reporting of **NC Energy Limited** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NC ENERGY LIMITED**

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

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

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Annamalai Associates  
Chartered Accountants**

**(A.L. Raghunathan)  
Partner  
M. No.: 208196  
FRN: 000185S**

**Place: Chennai  
Date: 20<sup>th</sup> May 2016**

**NC ENERGY LIMITED**  
BALANCE SHEET

(Rupees in Lakhs)			
	Note No.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>EQUITY &amp; LIABILITIES</b>			
1			
<i>Shareholders' Funds</i>			
	2	3,815.00	3,315.00
		-	-
		<b>3,815.00</b>	<b>3,315.00</b>
2		-	-
3		-	-
4			
<i>Current Liabilities</i>			
	3	19.43	19.19
		<b>19.43</b>	<b>19.19</b>
<b>TOTAL</b>		<b>3,834.43</b>	<b>3,334.19</b>
<b>ASSETS</b>			
1			
<i>Non-Current Assets</i>			
<i>Fixed Assets</i>			
	4	2,680.32	2,236.07
	-	961.88	708.00
	5	190.10	342.64
		<b>3,832.30</b>	<b>3,286.71</b>
2			
<i>Current Assets</i>			
	6	2.13	47.48
		<b>2.13</b>	<b>47.48</b>
<b>TOTAL</b>		<b>3,834.43</b>	<b>3,334.19</b>
	1		
<i>Significant Accounting Policies</i>			

**NOTE:** *No Profit and Loss Account has been prepared, since, the Company has not commenced its commercial operations during the year.*

*As per our Report of Even Date*

**For Annamalai Associates**  
**Chartered Accountants**

**(A.L. Raghunathan)**  
**Partner**  
**M. No.: 208196**  
**FRN: 000185S**

**Place : Chennai**  
**Date: 20<sup>th</sup> May 2016**

**For and on behalf of the Board**

**R. V. Ramani**  
**Chairman**

**P. Vijaya Bhaskar R**  
**Director & CFO**

**S. K. Sivakumar**  
**Company Secretary**

NC ENERGY LIMITED

CASH FLOW STATEMENT

Particulars	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
		Rs.		Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax		-		-
Adjustments for:				
Depreciation	-		-	
Interest Income	-		-	
(Profit)/Loss on sale of assets	-		-	
Interest Paid	-		-	
<b>Operating Profit before Working Capital Changes</b>		-		-
<b>Adjustment for:</b>				
Long Term Loans & Advances	152.54		1.80	
Other Current Liabilities	0.24	<b>152.78</b>	16.81	18.61
<b>Cash generated from Operations</b>		<b>152.78</b>		18.61
Taxes Paid / Provision for Tax		-		-
<b>Cash flow before Prior-period Items</b>		<b>152.78</b>		<b>18.61</b>
Prior Period Items		-		-
<b>Net Cash from Operating Activities</b>	<b>TOTAL A</b>	<b>152.78</b>		<b>18.61</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed assets		(444.25)		(562.65)
(Increase)/Decrease in Capital Work-In-Progress		(253.88)		(270.20)
<b>Net Cash from / (used in) in Investing Activities</b>	<b>TOTAL B</b>	<b>(698.13)</b>		<b>(832.85)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue of Share Capital		500.00		700.00
<b>Net Cash from / (used in) Financing Activities</b>	<b>TOTAL C</b>	<b>500.00</b>		<b>700.00</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>A+B+C</b>	<b>(45.35)</b>		<b>(114.24)</b>
<b>Cash and Cash equivalents (Opening Balance)</b>		47.48		161.72
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>2.13</b>		<b>47.48</b>

**Reconciliation of Cash and Cash equivalents with the Balance Sheet :**

Cash and cash equivalents as per balance sheet	2.13	47.48
<b>Less: Bank balances not considered as Cash and cash equivalents</b> (as defined in AS 3 Cash Flow Statements)	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2.13</b>	<b>47.48</b>
	-	-

*As per our Report of Even Date*

For Annamalai Associates  
Chartered Accountants

(A.L. Raghunathan)  
Partner  
M. No.: 208196  
FRN: 000185S

Place : Chennai  
Date: 20<sup>th</sup> May 2016

For and on behalf of the Board

R. V. Ramani  
Chairman

P. Vijaya Bhaskar Reddy  
Director & CFO

S. K. Sivakumar  
Company Secretary

## **1. SIGNIFICANT ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The Financial Statements of the Company have been prepared in accordance with the accounting principles generally accepted in India. The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 2013. The Financial Statements have been prepared on an accrual basis and under the historical cost convention.

The Accounting Policies adopted in the Financial Statements are consistent with those of previous year.

### **USE OF ESTIMATES**

The Preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustments to the carrying amounts of assets or liabilities in future periods.

### **FIXED ASSETS AND DEPRECIATION**

Fixed Assets are recorded at cost less accumulated depreciation. The company capitalizes all costs relating to acquisition and installation of fixed assets. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances.

Depreciation has not been provided, since, the company has not started its commercial operations during the year.

### **CAPITAL WORK IN PROGRESS**

Expenditure incurred on the existing power project under development is treated as pre-operative expenses pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended up to the date of balance sheet.

**NC ENERGY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Rupees in Lakhs)  
As at                      As at  
31.03.2016              31.03.2015

<b>2. Share Capital</b>		
<b>Authorised :</b>		
5,00,00,000 Equity Shares of Rs.10/- each (Previous Year 5,00,00,000 Equity Shares of Rs.10/- each)	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, Subscribed and Paidup :</b>		
3,81,50,000 Equity Shares of Rs.10/- each (Previous Year 3,31,50,000 Equity Shares of Rs.10/- each)	3,815.00	3,315.00
<b>TOTAL</b>	<b>3,815.00</b>	<b>3,315.00</b>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares in Lakhs	Rupees in Lakhs	No. of Shares in Lakhs	Rupees in Lakhs
(a). At the beginning of the period (Rs.10/- each)	331.50	3,315.00	261.50	2,615.00
(b). Add: Fresh issue during the year.	50.00	500.00	70.00	700.00
(c). At the closing of the period (Rs.10/- each)	<b>381.50</b>	<b>3,815.00</b>	<b>331.50</b>	<b>3,315.00</b>

Details of Equity Shareholders holding more than 5%:

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares in Lakhs	% of Holding	No. of Shares in Lakhs	% of Holding
M/s. Nelcast Limited	365.10	95.70%	315.10	95.05%

<b>3. Other Current Liabilities</b>		
Audit Fees Payable	0.52	0.51
TDS Payable	4.24	7.11
Director's Remuneration & Salaries Payable	13.95	11.00
Outstanding Exp.	0.72	0.57
<b>TOTAL</b>	<b>19.43</b>	<b>19.19</b>

<b>4. Fixed Assets</b>		
Land	2,676.40	2,232.15
Computers & Accessories	0.46	0.46
Furniture & Fixtures	2.93	2.93
Office Equipments	0.53	0.53
<b>TOTAL</b>	<b>2,680.32</b>	<b>2,236.07</b>

**NC ENERGY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	<b>(Rupees in Lakhs)</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.03.2016</b>	<b>31.03.2015</b>
<b>5. Long Term Loans &amp; Advances</b>		
Capital Advances	190.10	342.64
<b>TOTAL</b>	<b>190.10</b>	<b>342.64</b>
<b>6. Cash &amp; Cash Equivalent</b>		
In Current Accounts	2.06	46.76
Cash in Hand	0.07	0.72
<b>TOTAL</b>	<b>2.13</b>	<b>47.48</b>
<b>7. Foreign Exchange Earnings and Out-go</b>		
Foreign Exchange Outgo	-	-
Foreign Exchange Earnings	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**NC ENERGY LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**

8. CONTINGENT LIABILITIES: NIL

9. No provision has been made on account of Bonus and gratuity and present liabilities for future payment of gratuity to employees, as there are no employees, who are eligible for Bonus or Gratuity.

10. AUDIT FEES EXPENSES INCLUDE: 2015-16                      2014-15  
 Fee for Statutory Audit Rs.57,250/-                      Rs.56,180/-

11. PRELIMINARY EXPENSES:  
 Since, the Company has not yet commenced its commercial operations, preliminary expenses have not been written off during the year.

12. RELATED PARTY DISCLOSURE:

List of Related Parties (only transacted parties):

Holding Company: Nelcast Limited  
 Key Management Personnel: Ms. P. Divya, Managing Director

Nature of Transactions	Rupees in Lakhs	
	2015-16	2014-15
Managerial Remuneration	84.00	73.61
<u>Investment in Shares:</u>		
Amount of Investment during the year	500.00	600.00
Closing Balance as on 31st March	3,651.00	3,151.00

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

*As per our Report of Even Date*

**For Annamalai Associates**  
**Chartered Accountants**

**(A.L. Raghunathan)**  
**Partner**  
**M. No.: 208196**  
**FRN: 000185S**

**Place : Chennai**  
**Date: 20<sup>th</sup> May 2016**

**For and on behalf of the Board**

**R. V. Ramani**  
**Chairman**

**P. Vijaya Bhaskar Reddy**  
**Director & CFO**

**S. K. Sivakumar**  
**Company Secretary**