



CHAIRMAN-CUM-MANAGING DIRECTOR

Shri. B. Surender Mohan

DIRECTORS

Smt. Zohra Chatterji
Shri. N. Sundaradevan
Shri. R. Kandasamy
Shri. J. Mahilselvan
Shri. Sarat Kumar Acharya
Shri. Rakesh Kumar
Shri. Sanjay Govind Dhande
Shri. S.K. Roongta
Shri. L.N. Vijayaraghavan
Shri. A.P.V.N. Sarma
Shri. M.B.N. Rao
Shri. M.M. Sharma
Shri. V. Murali
Shri. R.K. Mishra

COMPANY SECRETARY

Shri. K. Viswanath

STATUTORY AUDITORS

M/s. L.U. Krishnan & Co.,
Chartered Accountants,
Sam's Nathaneal Tower,
3-1 West Club Road,
Shenoy Nagar, Chennai - 600 030.

M/s. Sreedhar, Suresh & Rajagopalan,
Chartered Accountants,
3B, No.26, Green Haven, 3rd Main Road,
Gandhi Nagar, Adyar,
Chennai - 600 020.

BRANCH AUDITORS

M/s. Prakash K. Prakash,
Chartered Accountants,
B-1, Sagar Apartments,
6, Tilak Marg, New Delhi - 110 001.

COST AUDITORS

M/s. S. Mahadevan & Co.,
Cost Accountants,
Old No.158, New No.122,
'Sri Abhirami',
1st Floor, Dr.Radhakrishnan Road,
Tatabad, Coimbatore - 641 012.

PRINCIPAL BANKERS

State Bank of India
Canara Bank
Central Bank of India
Syndicate Bank
United Bank of India
Indian Bank
Karur Vysya Bank Limited
Indian Overseas Bank

REGISTERED OFFICE

'Neyveli House',
No.135, Periyar E.V.R. High Road,
Kilpauk, Chennai - 600 010.

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT

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

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BOARD OF DIRECTORS



B. Surender Mohan
Chairman-cum-Managing Director



Zohra Chatterji
Director



N. Sundaradevan
Director



R. Kandasamy
Director (Plng.&Proj.)



J. Mahilselvan
Director (Power)



Sarat Kumar Acharya
Director (Human Resource)



Rakesh Kumar
Director (Finance)



Sanjay Govind Dhande
Director



S.K. Roongta
Director



L.N. Vijayaraghavan
Director



A.P.V.N. Sarma
Director



M.B.N. Rao
Director



M.M. Sharma
Director



V. Murali
Director



R.K. Mishra
Director



SENIOR MANAGEMENT



Deepak Srivastava
Chief Vigilance Officer



C. Senthamilselvan
CGM (Civil/Mines)



S. Rajagopal
CEO (NTPL)



S. Kumaraswamy
CGM (Mines/Mine-II&Expn.)



K. Alagar
CGM (Mine-IA&Mine Plng.)



M.S. Ravindranath
CGM (Barsingsar Project)



K.Veeraprasad
CGM (SME&Conv./Mines)



P.T. Shanmugasundaram
CGS (Medical)



R. Seetharaman
CGM (Finance)



Benjamin Rayappan
CGM (HR)



B. Krishnamoorthy
CGM (TPS-I)



M. Kamalanayanan
CGM (TPS-II)



R. Suresh
CGM (Commercial)



R. Venkatajalapathy
Chief Law Officer



S. Jeyaraj
CGM (Trans.&Mech. Services)



R. Sreenivasan
CGM (Contracts)



S. Muthu
CGM (PSE)



D. Vaitheeswaran
CGM (Operation/Mine-I)



P. Jayakumar
CGM (Chennai)



10 Years Performance at a glance - Financial

(in crore)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
INCOME STATEMENT										
Sales	4866.85	4295.95	4121.02	3354.91	2981.65	2108.11	2201.41	3001.94	2806.09	2681.48
Other Income	748.36	571.69	569.22	720.79	611.45	635.66	498.18	664.87	642.39	461.47
TOTAL INCOME	5615.21	4867.64	4690.24	4075.70	3593.10	2743.77	2699.59	3666.81	3448.48	3142.95
Operating Expenses	3129.75	2674.47	2801.08	2589.33	1705.86	1383.38	1434.49	1320.80	1475.97	1185.53
Earning before Int., Deprn. & Tax	2485.46	2193.17	1889.16	1486.37	1887.24	1360.39	1265.10	2346.01	1972.51	1957.42
Depreciation	430.18	412.87	253.89	424.50	454.49	447.34	349.45	516.30	499.78	259.85
Interest	149.54	112.77	33.58	8.15	8.80	43.28	54.28	66.09	69.01	3.92
Profit for the year	1905.74	1667.53	1601.69	1053.72	1423.95	869.77	861.37	1763.62	1403.72	1693.65
Prior Period Adjustments(Net)	0.00	0.00	3.17	-7.71	-2.66	4.89	16.25	-9.06	9.36	2.66
Exceptional Items	78.15	17.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Extra-ordinary income	0.00	0.00	0.00	0.00	0.00	0.00	109.77	2.12	0.00	-8.48
Profit before tax	1983.89	1684.55	1604.86	1046.01	1421.29	874.66	987.39	1756.68	1413.08	1687.83
Provision for tax	572.56	386.22	357.40	224.92	319.72	307.88	285.04	541.68	269.57	539.43
Profit after tax	1411.33	1298.33	1247.46	821.09	1101.57	566.78	702.35	1215.00	1143.51	1148.40
Dividend	469.76	385.87	335.54	335.54	335.54	201.33	335.54	335.54	234.88	234.88
Dividend tax	76.21	62.60	56.37	57.03	57.02	34.22	47.06	46.70	30.09	30.09
BALANCE SHEET										
Equity Capital	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71	1677.71
Reserves & Surplus	10362.18	9496.82	8646.96	7791.52	7362.57	6652.80	6321.08	6001.47	5168.85	4290.46
Networth	11989.57	11121.40	10225.60	9412.78	9008.79	8309.29	7990.38	7673.06	6824.25	5947.55
Loans Outstanding	3819.28	4004.04	4077.36	4057.70	2790.68	1505.70	1286.71	1229.69	1295.70	1386.78
Net Fixed Assets	6706.75	4990.15	5088.20	3272.39	3536.23	3809.20	4023.12	4254.36	4530.24	4117.27
Investments	1197.05	964.75	1044.94	811.37	826.22	929.41	2591.42	2590.77	2590.77	595.00
Net Current Assets	5775.55	5666.10	5033.74	5219.86	4548.49	4574.84	3041.78	2513.41	1512.76	2308.15
Capital Employed (operating)	13679.35	11621.00	11166.88	9303.62	8910.94	9313.45	9656.32	9358.54	8633.77	7020.42
RATIOS										
Operating Margin(OPM)(%)	35.69	37.74	32.03	22.82	42.79	34.38	34.84	56.00	47.40	55.79
Return on Capital Employed (ROCE)(%)	10.32	11.17	11.17	8.83	12.36	6.09	7.27	12.98	13.24	16.36
Return on Networth (RONW)(%)	11.77	11.67	12.20	8.72	12.23	6.82	8.79	15.83	16.76	19.31
Debt Equity (%)	31.86	36.00	39.87	43.11	30.98	18.12	16.10	16.03	18.99	23.32
Current Ratio	3.17	3.04	2.56	2.65	3.21	3.27	5.01	3.89	2.43	3.47
Quick Ratio	2.97	2.85	2.39	2.46	2.96	2.99	4.51	3.50	2.15	3.11
VALUE ADDED PER EMPLOYEE (in `)	2204260	1934346	1844515	1218369	1276836	1090907	1036468	1348250	1253704	1156768
BOOK VALUE PER SHARE (in `)	71.46	66.29	60.95	56.10	53.70	49.53	47.63	45.74	40.68	35.45
EARNING PER SHARE (in `)	8.41	7.74	7.44	4.89	6.01	3.88	4.27	7.64	6.52	6.83
DIVIDEND (%)	28.00	23.00	20.00	20.00	20.00	12.00	20.00	20.00	14.00	14.00



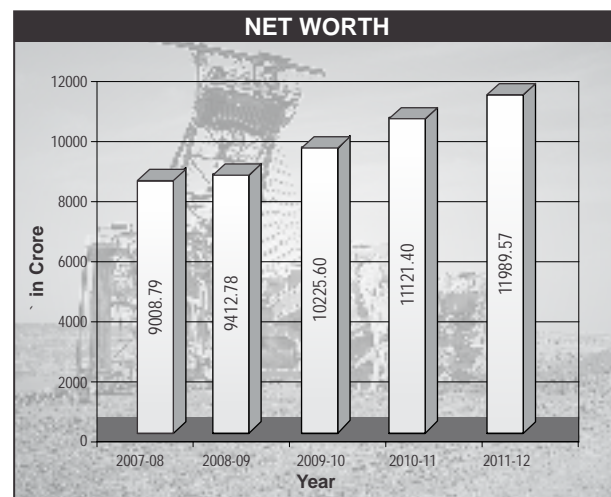
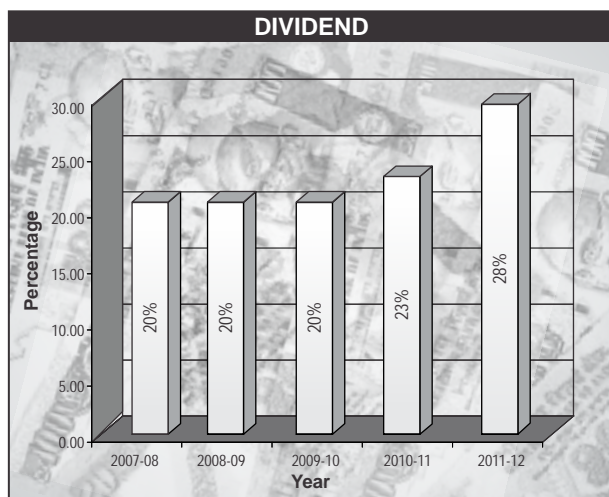
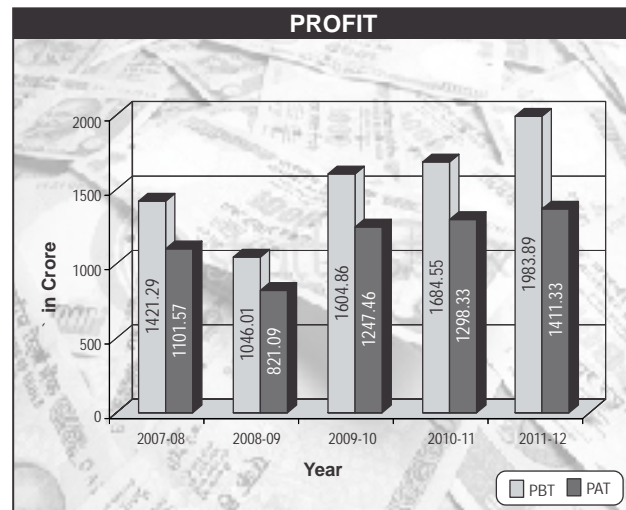
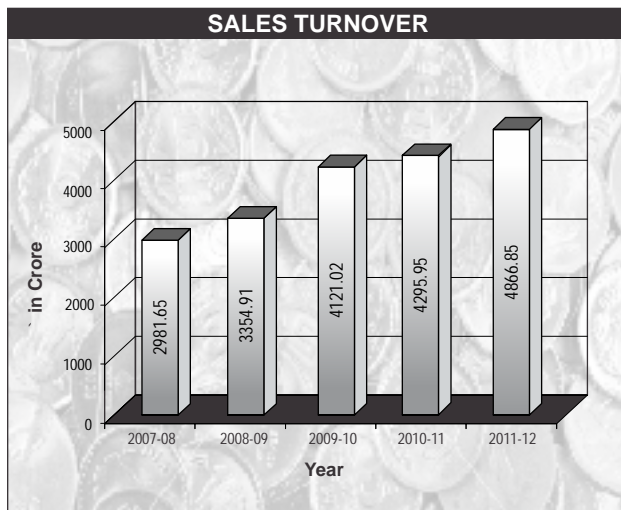
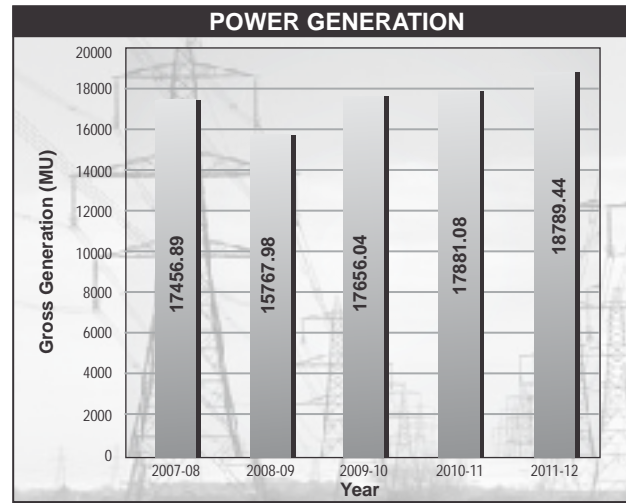
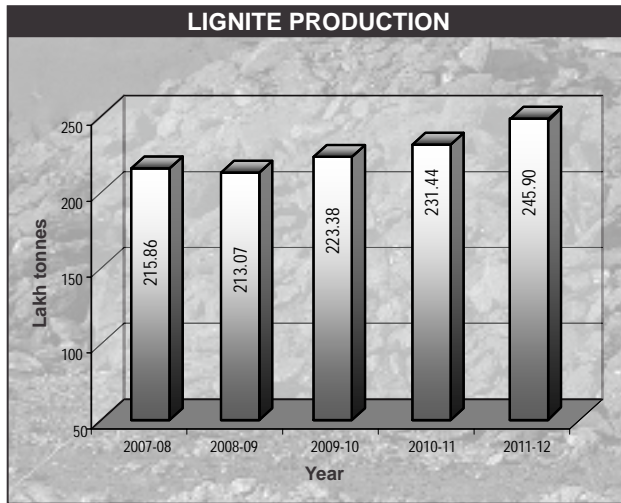
10 Years Performance at a glance - Physical

PARTICULARS	UNIT	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
PRODUCTION											
Lignite											
Mine-I	LT	77.34	83.05	91.59	90.40	87.82	105.48	102.72	105.28	103.91	80.20
Mine-IA	LT	28.77	27.19	27.11	30.56	33.27	38.04	37.35	32.11	14.61	0.03
Mine-II	LT	130.96	117.11	104.43	91.09	94.37	66.62	64.28	78.28	87.05	106.01
Barsingsar Mine	LT	8.83	4.09	0.25	1.02	0.40	0.00	0.00	0.00	0.00	0.00
TOTAL	LT	245.90	231.44	223.38	213.07	215.86	210.14	204.35	215.67	205.57	186.24
Power											
T.P.S.-I	- Gross MU	3987.85	3878.65	4114.44	3577.49	3671.54	3981.53	3990.17	4259.15	4401.64	4378.67
	- Net MU	3510.55	3400.54	3630.13	3141.03	3235.03	3521.64	3540.30	3772.90	3895.90	3871.97
T.P.S.-I Expn.	- Gross MU	3042.68	2997.04	2979.43	3126.05	3267.66	3264.96	3081.81	3237.96	1983.25	86.87
	- Net MU	2809.97	2743.44	2720.12	2858.42	2994.06	2988.50	2802.11	2944.82	1877.09	86.19
T.P.S.-II	- Gross MU	11087.65	10739.78	10559.69	9064.44	10517.69	8540.09	9170.44	9249.27	10004.08	10504.41
	- Net MU	10018.96	9701.51	9549.99	8172.14	9486.88	7719.76	8279.10	8344.53	9051.57	9489.35
Barsingsar T.P.S.	- Gross MU	617.68	265.61	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Net MU	514.29	193.45	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00
T.P.S.-II Expn.	- Gross MU	53.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Net MU	39.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	- Gross MU	18789.44	17881.08	17656.04	15767.98	17456.89	15786.58	16242.42	16746.38	16388.97	14969.95
	- Net MU	16893.11	16038.94	15902.72	14171.59	15715.97	14229.90	14621.51	15062.25	14824.56	13447.51
SALES											
Lignite	LT	27.18	21.68	21.69	21.35	22.94	20.68	16.62	16.50	17.63	8.42
Power	MU	15810.67	14971.26	14828.22	13204.05	14775.84	13330.80	13747.90	14162.11	13918.76	12605.80

LT - Lakh Tonnes MU - Million Units



PHYSICAL AND FINANCIAL CHARTS





DIRECTORS' REPORT FOR THE YEAR 2011-12

To
The Members,
Neyveli Lignite Corporation Limited

Your Directors are pleased to present the 56th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2012. Your Directors are happy to inform that your Company has once again achieved a record performance in lignite production, generation and export of power during the financial year 2011-12.

Snapshot of Physical Performance

Particulars	2011-12	2010-11	Growth (%)
Overburden removal (in LM ³)	1651.47	1633.45	1.10
Lignite Production (in LT)	245.90	231.44	6.25
Power Generation - Gross (in MU)	18789.44	17881.08	5.08
Power Export (in MU)	15810.67	14971.26	5.61

LM³-Lakh Cubic Metre LT-Lakh Tonnes MU-Million Units

Highlights

- ★ Highest removal of Overburden in any year since inception.
- ★ Highest production of lignite in any year since inception.
- ★ Highest generation (gross) and export of power in any year since inception.
- ★ Overburden removal at 828.05 LM³ from Mine-II - highest in any year since inception.
- ★ Lignite production of 130.96 LT from Mine-II - highest in any year since inception.
- ★ Power generation (gross) at 11087.65 MU and the export of power at 9278.76 MU from TPS-II - highest in any year since inception.

Segment-wise Performance

Mines

The aggregate installed capacity of lignite mines stands at 30.6 MTPA as on 31st March, 2012. Overall, the physical performance of Mines during the year 2011-12 was excellent as compared to the previous year 2010-11. The detailed Mine-wise performance are as under:

Mine-I (including expansion) - 10.5 MTPA

The overburden removal from this Mine during the year 2011-12 was 528.17 LM³ as against 523.08 LM³ in 2010-11, registering a growth of 0.97%. Lignite production during the year under review was 77.34 LT as compared to 83.05 LT registered during the year 2010-11. Lignite production was affected due to lignite seam washout conditions for about 300 x 200 metre area. As informed in the Directors' Report of the previous year, the



Over view of Mines



restructuring of Mine-I & IA by adding contiguous lignite blocks to raise the aggregate mining capacity to 15.0 MTPA is in process. The restructuring of the mines is necessitated so as to meet the fuel requirement of the new thermal power project of 1000 MW capacity which is the replacement of the existing 600 MW capacity TPS-I.

Mine-IA - 3.0 MTPA

The overburden removal from this Mine during the year 2011-12 was 215.10 LM³ as against 211.91 LM³ in 2010-11, registering a growth of 1.51%. Lignite production during the year 2011-12 was 28.77 LT compared to 27.19 LT during 2010-11, registering a growth of 5.81%.

Mine-II (including expansion) - 15.0 MTPA

The performance of Mine-II during the year 2011-12 in terms of overburden removal and lignite production was excellent, achieving the highest ever since the inception. The overburden removal from this Mine was 828.05 LM³ as against 802.55 LM³ during the year 2010-11, registering a growth of 3.18%, while the lignite production during the year under review was 130.96 LT compared to 117.11 LT during 2010-11, registering a growth of 11.83%. Approval has been accorded by your Board of Directors in April 2012 for the Revised Cost Estimate of ` 2125.83 crore for the Mine-II Expansion Project.

Barsingsar Mine - 2.1 MTPA

During the year 2011-12, overburden removal and lignite production were 80.15 LM³ and 8.83 LT respectively, as against 95.91 LM³ and 4.09 LT, respectively, during the previous year 2010-11. As Members may be aware, because of sufficient exposure of lignite, the overburden removal was restricted during the year under review. As regards lignite production, the units of linked Thermal Power Plants were declared for commercial operation only during Dec. 2011/Jan. 2012 and hence the lignite production during the year 2011-12 was restricted to match with the fuel requirement of the power plant. Approval has been accorded by your Board of Directors in March 2012 for the Revised Cost Estimate of ` 218.05 crore for this project.

Power

With the declaration of commercial operation of both the thermal units of Barsingsar project during the year 2011-12, the installed capacity of thermal power generation of your Company stands increased to 2740 MW as on 31st March, 2012. Your Company has set a new record in generation and export of power during the year 2011-12. Plant-wise performance details are as under:

Thermal Power Station-I (600 MW)

During the year 2011-12, power generation and export from this plant were 3987.85 MU and 3171.82 MU, respectively, compared to 3878.65 MU and 3088.83 MU, respectively, during the year 2010-11, registering a growth of 2.82% and 2.69% respectively. This plant is one of the oldest power plants in the Country, serving for more than 40 years, with Unit-I of this plant performing for the last five decades. Considering its age, achieving a Plant Load Factor (PLF) of 75.67% by this plant is a remarkable achievement.

Thermal Power Station-I Expansion (420 MW)

The power generation from TPS-I Expansion was 3042.68 MU during the year 2011-12 as against 2997.04 MU in 2010-11, registering a growth of 1.52% and the power exported during the year under review was 2809.97 MU as against 2743.44 MU during the year 2010-11, registering a growth of 2.42%. This Station achieved a PLF of 82.47%.



Thermal Power Station-II (1470 MW)

The performance of TPS-II during the year 2011-12 was excellent as the generation and the export of power from this plant were the highest since inception. Power generation during the year 2011-12 was 11087.65 MU as against 10739.78 MU, registering a growth of 3.24% and the export to the Southern Grid during the year under review was 9278.76 MU compared to 8945.55 MU in the year 2010-11, registering a growth of 3.73%. This plant achieved a PLF of 85.87% during the year under review.



Thermal Power Station-II



Barsingsar Thermal Power Station

Barsingsar Thermal Power Station (250 MW)

Unit-I of Barsingsar Thermal Power Plant was declared for commercial operation during Jan. 2012, while Unit-II was declared during Dec.2011. The total power generation upto 31st March, 2012 was 617.68 MU and 510.79 MU were exported to Rajasthan DISCOMS. Approval has been accorded by your Board of Directors for the second Revised Cost Estimate of ` 1868.71 crore in March 2012 for this project.

Productivity

The output per man shift during the year 2011-12 as compared with the previous year is given below:

Product	Unit	2011-12	2010-11	Growth
Lignite	Tonne	11.18	11.00	1.64%
Power	Kw./hr	20130	17780	13.22%

Financial Performance

During the year ended 31st March, 2012 the Company registered a total sales of ` 4866.85 crore against ` 4295.95 crore recorded for the year 2010-11, registering a growth of 13.29%. The sales registered for the year 2011-12 was the highest ever since inception. The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2011-12 were ` 1983.89 crore and ` 1411.33 crore, respectively, as against ` 1684.55 crore and ` 1298.33 crore, respectively, for the year 2010-11. As compared to the previous year 2010-11, the PBT and the PAT for the year 2011-12 recorded a growth of around 18% and 9%, respectively. The PBT and the PAT for the year ended 31st March, 2012 were the highest for any year since inception.

The main reason for increase in the profit for the year 2011-12 was on account of higher lignite production, higher generation and export of power which had resulted in increased sales. The operation of Barsingsar Power Plant in the last quarter of the financial year 2011-12 had also contributed for registering higher sales.



The details of profit earned for the financial year ended 31st March, 2012 and appropriation of the same in comparison with the previous year ended 31st March, 2011 are as under:

(` in crore)

	2011-12	2010-11
Profit before tax	1983.89	1684.55
Tax provision	572.56	386.22
Profit after tax	1411.33	1298.33
Appropriation :		
Transfer to		
Bond Redemption Reserve	15.00	15.00
Interest Differential Fund Reserve	18.08	15.25
General Reserve	145.00	130.00
Proposed Dividend	469.76	385.87
Tax on proposed Dividend	76.21	62.60

Dividend

The Board of Directors of your Company has recommended a dividend of 28% (` 2.80 per share) for the year 2011-12 (previous year 23%). The total outgo on account of dividend including distribution tax will be ` 545.97 crore (previous year ` 448.47 crore), which works out to 38.68% on Profit After Tax (PAT) for the year 2011-12.

Projects under construction/implementation

Thermal Power Station-II Expansion (2x250 MW)

Thermal Power Station-II Expansion project linked to Mine-II Expansion is under implementation for expanding the capacity of TPS-II from 1470 MW to 1970 MW. Unit-I was synchronised with the designated fuel in June 2011 and is in the process of stabilisation. This unit generated in-firm power of 53.58 MU (Gross) during the year under review. As regards Unit-II, construction activities are in progress. Declaration of commercial operation of Unit-I is expected in October 2012 and the Unit-II in March 2013. Execution of works by M/s. BHEL, the Main Plant Package contractor, is being closely monitored and periodically reviewed for early commissioning of the units. Approval has been accorded by your Board of Directors in April 2012 for the second Revised Cost Estimate of ` 3027.59 crore for this project. The cumulative expenditure incurred upto 31st March, 2012 was ` 2394.54 crore.

Neyveli New Thermal Power Project (2x500 MW)

Government of India (GOI) has sanctioned the Neyveli New Thermal Power Project (1000 MW) at a capital cost of ` 5907.11 crore in June 2011 with a commissioning schedule of 48 months and 54 months for Unit-I & II respectively, from the date of sanction. Tendering activities for Main Plant Packages and Balance of Plant Package are in progress. The cumulative expenditure incurred upto 31st March, 2012 was ` 14.47 crore.

Wind Power Project (50 MW)

Your Company has proposed to enter into generation of green power by setting up a wind power project of capacity of 50 MW at an estimated cost of ` 364.75 crore. Tender has been floated for setting up of the above wind farm.



Solar Power Project

Your Company has also proposed to set up a 25 MW Solar Power Project to be located in Neyveli and in the first phase 10 MW capacity solar power plant is to be set up at an estimated cost of ₹ 133.19 crore. Tender has been floated for design, engineering, manufacture, supply, transport, storage, erection, testing and commissioning of the above 10 MW Solar PV power plant.

Joint Venture Projects

Thermal Power Plant at Tuticorin (2x500 MW)

Coal based thermal power project at Tuticorin (1000 MW) is being implemented by your Company as a joint venture with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), at a sanctioned cost of ₹ 4909.54 crore through NLC Tamilnadu Power Limited, the Subsidiary Company. Drum lifting for both the units has been completed in September 2011. Construction of dedicated coal jetty for transportation of coal to the power plant is in advanced stage of completion. Erection of boilers, coal and ash handling plants, switchyard, chimney and cooling towers are in progress. Contract for



shore un-loader has been awarded and in respect of coal washery and logistics and other peripheral works tenders have been floated and are in process. Fuel linkage for this project is being tied up with Mahanadi Coalfields Limited, a subsidiary Company of Coal India Limited. The Unit-I is expected to be commissioned in Dec. 2013 and Unit-II in March 2014. The project activities are closely monitored for early commissioning. The cumulative expenditure incurred upto 31st March, 2012 was ₹ 2768.27 crore.

MNH Shakti

MNH Shakti Limited is the Joint Venture Company (JVC) promoted by Mahanadi Coalfields Limited (MCL) holding 70% stake, Hindalco and your Company, each holding 15% stake. The JVC is implementing a 20.0 MTPA coal mining project at Talabira, Odisha and MCL being the majority stakeholder is piloting the above project.

Project Funding

To meet part of the debt requirement for the Neyveli New Thermal Power Project, your Company has tied up with State Bank of India for availing rupee term loan of ₹ 2,500 crore and the balance debt requirement will be met through various other options such as External Commercial Borrowing (ECB), issue of Bonds etc. Your Company has also availed long term loan of ₹ 3,495 crore for the expansion project from a consortium of domestic banks with Canara Bank as the consortium leader and so far a sum of ₹ 937.50 crore has been repaid. In addition to this, Euro 50 million in the form of foreign currency loan under ECB and issue of secured redeemable taxable non-convertible bonds aggregating to ₹ 600 crore were also availed for the expansion projects. The above ECB was repaid during the year 2011-12.

New Projects under formulation

As stated in the Directors' Report of the previous year 2010-11, your Company is pursuing the following projects for which Power Purchase Agreements have been entered into with the respective beneficiaries:



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

Your Company has proposed to set up a Thermal Power Plant of 250 MW capacity with linked Mine of 2.25 MTPA at Bithnok in Bikaner District, in the State of Rajasthan at an estimated cost of ₹ 2,298.83 crore. The total land required for the Bithnok TPS and Mine is 2883 hectares and the acquisition of the same through Government of Rajasthan is in process. Government of Rajasthan has been approached for issue of Mining lease for the proposed Mine project. With regard to environmental clearance for the Mine Project, the proposal is under consideration of Expert Appraisal Committee. Being a 'Navratna' Company, the project will be considered for implementation by your Board of Directors on receipt of environmental clearance.

Barsingsar Extension Power Project (250 MW) and Hadla & Palana Lignite Mine (2.5 MTPA)

Your Company, by exploiting the lignite deposits in Hadla and Palana lignite blocks, proposes to set up a 250 MW Power Plant with a linked Mine of 2.5 MTPA capacity, in Bikaner District of Rajasthan, as an extension of the existing Barsingsar Power Plant. The aggregate estimated cost of the project is ₹ 2,041.78 crore. Land required for the said project will be acquired through Government of Rajasthan and a proposal has been submitted for grant of mining lease. As far as the power project is concerned, proposal has been placed before MOE&F for issue of environmental clearance and on receipt of the same your Board of Directors will consider the project for implementation.

NLC-UPRVUNL Ghatampur Power Project (1980 MW)

Your Company has entered into an MoU with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for formation of a Joint Venture Company with equity participation in the ratio of 51:49 to set up a 1980 MW (3x660 MW) coal based thermal power project in Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh at an estimated cost of ₹ 11,128 crore. The Cabinet Committee on Infrastructure (CCI) has approved the above joint venture proposal and the Joint Venture Agreement will be entered into with UPRVUNL shortly. Government of Uttar Pradesh has issued necessary notification for acquisition of about 763 hectares of land and has also allocated 80 cu.secs of water for the project. Ministry of Coal has been approached to allocate coal blocks with an extractable reserve of 600 million tonnes for the above project. Preparation of Feasibility Report and EIA/EMP reports are under progress.

Sirkali Thermal Power Project (4000 MW)

Your Company has also proposed to set up a 4000 MW coal based power plant at Sirkali in the coastal district of Nagapattinam, Tamilnadu in two phases at an estimated cost of ₹ 10,395 crore for phase-I of 1980 MW. Site for locating the power plant has been identified at Thirumullaivasal and action has been initiated for acquisition of land through Government of Tamilnadu and for obtaining clearances from various statutory authorities. Ministry of Coal has been approached for allotment of coal blocks for the above project.

Devangudi Mine Project

Your Company proposes to develop the Devangudi lignite block, which has a mining area of about 8.2 Sq.Km and a mineable lignite reserve of 42.5 million tonnes, at an estimated cost of ₹ 358 crore. The capacity of this Mine will be 2.0 MTPA and the lignite mined out will cater to the needs of cement, paper, brick and other small industries in the neighbourhood area.

Restructuring of Mines

The TPS-I with a capacity of 600 MW is linked to Mine-I. As stated earlier, since TPS-I is proposed to be replaced with a higher capacity plant of 1000 MW (NNTPS) it has been proposed to take up re-structuring of existing



Mine-I and Mine-IA by adding contiguous lignite blocks for enhancing the aggregate capacity from 13.5 MTPA to 15.0 MTPA to meet the enhanced requirement of lignite of the proposed new plant. Detailed working is in process.

Coal Assets

As Members may be aware, India is experiencing severe shortage of coal as the domestic demand exceeds the supply. In order to overcome the situation, the Government of India has given guidelines to acquire coal assets abroad so as to have assured long term energy security. The MoU Task-force of GOI has also included 'floating of EOI for acquiring/acquisition/formation of JV for assets abroad' as one of the MoU parameters for your Company for the year 2012-13. In line with the above, your Board of Directors has accorded approval to initiate action within the guidelines of DPE for acquisition of raw material assets abroad to meet the partial/full coal requirement of projects of your Company in various places which are under implementation/formulation. Your Company is also exploring the possibility to tie up with State Governments who are in possession of coal blocks.

Other Projects

As discussed in the last year's report, consequent to the change in the policy of power procurement by States through competitive based tariff route, excepting power projects for which PPA has been signed prior to 6th January, 2011, all other projects could be implemented only when the concerned beneficiaries formally issue a notification for purchase of power through competitive bidding process. In this regard your Company has addressed to Ministry of Coal seeking exemption from the above requirement for lignite based Power projects and the same is awaited. Under these circumstances, it has been decided by the Board of Directors of your Company to keep in abeyance the other envisaged lignite based projects viz., 1000 MW TPS-III linked to 8.0 MTPA (Mine-III) in Neyveli and 1000 MW Power Project linked to 8.0 MTPA lignite mine in South Gujarat and not to pursue the 1600 MW Thermal Power project linked to 13.5 MTPA capacity lignite Mine at Jayamkondam and the coal based power project in Odisha. However, on the invitation by the Government of Odisha, your Company has taken initiative to explore the possibility of setting up a power plant as a Joint Venture project with an entity of Government of Odisha.

Power Tariff

The Central Electricity Regulatory Commission (CERC) initially constituted under the Electricity Regulatory Commission Act, 1998 is a statutory body functioning under the Electricity Act, 2003 and has the responsibility to regulate the tariff of generating Companies owned or controlled by the Central Government and Generators having sale of electricity in more than one State. The terms and conditions of tariff regulations for the period 2009-14 were notified by CERC and tariff orders in respect of TPS-I, TPS-I Expn. and TPS-II have been issued by CERC for the above period. Tariff petition has been filed before CERC for the Barsingsar Power Plant for finalising the tariff for the period from the date of declaration of commercial operation till 31.03.2014. Petitions have been filed separately before CERC for each power station TPS-I, TPS-I Expn. and TPS-II for the revision of O&M norms for the period 2007-08 and 2008-09 on account of wage revision with effect from 01.01.2007 and other pay hikes and revision of annual fixed charges accordingly.

Research and Development (R&D)

An in-house R&D centre "CARD" recognised by Department of Science and Technology is functioning since 1975. This Centre takes up various R&D projects on its own and also in association with premier academic institutions in the area of lignite utilisation, waste land reclamation, solid waste utilisation, utilisation of bottom ash generated from thermal plants, corrosion management in SMEs & storm water control pumps etc., besides Coal Science & Technology (Coal S&T) projects funded by Ministry of Coal. Your Company has already patented



the process for the production of "Potassium Humate" from lignite through its R&D efforts. Commercialisation of the above patented process for the production of Potassium Humate is being carried out through M/s. National Research Development Corporation. Further, based on the study conducted in association with IIT/Kharagpur, a bench scale production facility has been erected at CARD to establish the production of Zeolite from fly ash. Process for the preparation of Zeolite from Neyveli fly ash has been optimised and patenting the process is in progress.

Your Company is on the look out for any viable project which could offer new avenues for growth in lignite. In this regard, as part of R&D initiative, it is contemplated to undertake a study to produce high strength and high heat value pellets from lignite by reducing the inherent high moisture content which is in the range of 50-55%. This process would increase the calorific value of the lignite from the level of 2600 to 5300 Kcal/kg and would also transform the lignite into a stable and transportable block in the form of pellets for use by various industries. In this regard, it has been decided by the Board of Directors to take up the above process initially at laboratory scale by the in-house R&D Centre in collaboration with other institutions and if the results are found to be techno-economically viable, the process could be enlarged to a larger scale.

Human Resource

Your Company recognises the potential of human resource in providing competitive advantage and considers its employees as the most valuable resource. The Company has achieved its present level of excellence "Navratna" Status through investing and nurturing in its human resource. Your Company continues to work for developing capabilities and realisation of best potential of its people. The thrust on achieving higher growth coupled with optimal utilisation of manpower continued. The focus on improving productivity and adoption of best practices in every area was relentlessly pursued. Efforts for active participation by employees, has been at the core of HR initiatives and interventions. Strategic alignment of HRM to business priorities and objectives facilitated steps for ensuring a smooth transition for upcoming new facilities. The total manpower of your Company as on 31.03.2012 was 17,733.

Employee Development

In pursuit of creating a learning organisation, your Company is carrying out training/learning initiatives for skill, competency building and overall development of employees and surrounding society. Your Company has organised 331 in-house programmes in various categories like general management, technical training, safety, quality training etc., covering 13,034 employees.

Industrial Relations

Thrust on participative culture continued during the year and the industrial relations in various Units and Service Divisions of your Company remained harmonious and cordial. The executives and employees were committed towards the growth of your Company.

Implementation of Official Language Policy

During the year 2011-12, your Company continued its thrust on official language implementation in line with Government of India's policy on Official Languages Act, 1963 and Official Languages Rules, 1976. The employees are encouraged to learn Hindi and also to enroll for courses like Prabodh, Praveen and Pragya through correspondence courses and so far a total of 278 employees have enrolled for the same. Hindi Fortnight was organised from 14.09.2011 to 28.09.2011 and the Hindi Day was celebrated on 14th September, 2011. Various Hindi competitions were conducted among employees and cash awards and merit certificates were distributed. Your Company also organised workshops with a focus on working in Unicode fonts on Computers and about 193 employees participated and benefited.



Reservation of posts

Your Company has been following the rules of the Government with regard to reservation for SC and ST and the details of Group-wise Men-in-Position as on 31.03.2012 are as under:

Group	Total Strength	Strength of SC/ST			% of SC/ST		
		SC	ST	Total SC/ST	SC	ST	Total SC/ST
A	4,022	829	164	993	20.61	4.08	24.69
B	116	30	14	44	25.86	12.07	37.93
C	11,908	2,488	118	2,606	20.89	0.99	21.88
D	1,687	363	10	373	21.52	0.59	22.11
Total	17,733	3,710	306	4,016	20.92	1.73	22.65

Sustainability Development Projects

The Department of Public Enterprises has issued the Sustainable Development (SD) guidelines making it mandatory for the CPSE to include SD as a compulsory element in their MoU, under the non financial parameters with mandatory weightage of 5%. In terms of the above guidelines your Company has proposed to take up SD projects in the area of ecology, reclamation and re-use of land in Mines, development of eco-tourism park in Neyveli township, completion of Residual Life Assessment (RLA) studies of Turbine and replacement of final loop of Re-heater 2 coil in one Unit (210MW) of TPS-II, mandatory training programme on SD for students, sequestration of CO₂ and production of Bio-fuel from flue gas from Thermal Power Plant, Pollution Source Apportion Study for Neyveli industrial area, Water Management-Recharging of Ground Water, utilisation of fly ash in making Brick/Window and renewable energy project (Solar PV Power Project). The Board of Directors has allocated a budget provision of ₹ 1.28 crore to take up the above projects which will be implemented from the year 2012-13.

Environmental Measures

Reclamation and afforestation

Reclamation of mine spoil with sterile soil and bringing the mined out land suitable for agricultural, horticulture crops and development of forestry, pasture land etc., is continued. So far, an area of about 2118 hectares of land has been reclaimed besides carrying out afforestation activities in an area of about 1869 hectares of land in all the three mines. As part of massive afforestation programme around 18 million trees have been planted so far in and around Neyveli Township. The recent 'Thane' cyclone had a devastating impact on Neyveli eco system.



About 2.5 lakh trees were lost in the plantation area

besides loss of avenue trees on the road side and residential area. Steps have been taken to make up the loss of trees by planting more tree sapling in the industrial area and distribution of about 2.0 lakh fruit bearing tree species like cashew, mango, jack, gooseberry etc., to residents in and around Neyveli to balance the eco system. A continuous Ambient Air Quality Monitoring Station is in operation in CARD with real-time data display at various places.



Safety

Your Company is taking pioneering efforts in the industrial safety area by conducting risk assessment and safety audit for Mines and Thermal Power Stations in regular periodicity. Since the year 2004-05, your Company has been achieving 'Excellent' level in terms of accident rate per million mandays in the MoU entered into with the Ministry of Coal, indicating low accident rates. In addition to this overall achievement, zero accident potential has been achieved for the year 2011-12 at TPS- I & TPS-II at Neyveli and Mine at Barsingsar. Safety related training like basic, refresher, on-the job, job related briefing etc., are being imparted to all sections of employees in well designed training centres like Group Vocational Training Centre in Mines and Employees Development Centre. Through this exercise, there is a considerable increase in the level of safety awareness among the employees.

Vigilance

Based on the suggestion of the Vigilance Branch, various circulars/guidelines have been issued for streamlining the rules/procedures etc. Vigilance Awareness Period-2011 was observed in NLC from 31st October, 2011 to 5th November, 2011 and the updated 'Compendium of CVC Circulars' was released during the function. As greater transparency facilitates in improving the system & procedure and minimising the scope for corruption, all efforts are taken to improve the transparency through leveraging of technology of e-governance initiatives.

MoU with Transparency International

Members may be aware that your Company has signed a Memorandum of Understanding with Transparency International India, part of Asia Pacific forum comprising 20 nations. Transparency International India is the Indian chapter of Transparency International, an international civil society organisation based at Berlin that has turned the fight against corruption into a worldwide movement.

Township

Neyveli Township established in February 1959 has grown into a self-contained unit with all infrastructural facilities. This Township spread over 50 Sq.kms. with about 21,000 residential quarters has a total population of about 1,50,000 and has all facilities which includes schools, college, sophisticated general hospital, library, swimming pools, air-conditioned auditorium, stadium, community welfare centres, recreation clubs, reading rooms, parks, banks, shopping complexes etc. Township with all facilities have been established for the Barsingsar project also.

Medical Services

The General Hospital in Neyveli with 355 beds remains the major provider of service in various base specialties like emergency care, general medicine, surgery, paediatrics, obstetrics & gynaecology, eye, ortho, ENT, skin, psychiatry and chest medicine. The General Hospital undertakes programmes that address health issues at the five major levels of preventive, promotive, curative, rehabilitative and disability limitation strategies. The hospital contributes to the goal of various National Health Programme like Family Welfare Programme, Tuberculosis Control Programme, Leprosy Control Programme, Immunisation Programme, Aids Control Programme, Blindness Prevention Control Programme and Breast Feeding Promotion etc.

This hospital fulfills the statutory requirement of meeting the occupational health and safety needs of miners as per the guidelines of Director General of Mines Safety (DGMS) and thermal employees under requirement of OHSAS18001. NLC's Occupational Health Services (OHS) has been acclaimed as the centre of excellence. OHS-NLC is also the recognised centre for conducting medical examination to assess fitness of miners as per the directive of DGMS.



Corporate Social Responsibility

Your Company, as a socially responsible corporate citizen, has been carrying out development works in the surrounding villages, right from its inception.

- An Annual CSR budget of not less than 1% of the profit after tax has been created by your Company and the CSR projects are monitored periodically by a Sub-committee of Board of Directors. Your Board of Directors have sanctioned ₹ 13 crore as budget for CSR projects for the year 2012-13.
- Base line survey is conducted by your Company before commencement of any CSR Projects.
- Time frames and various milestones are fixed before commencement of any Project.
- Initiatives of State Governments/Central Government Departments/Agencies are dovetailed/synergised with the CSR activities of your Company.

The CSR expenditure of your Company for the year 2011-12 is ₹ 11.53 crore. The major CSR initiatives undertaken during the year 2011-12 are given below:

CSR – Peripheral

From the year 1998, the system of executing capital works for the development of social infrastructure in the surrounding villages has been streamlined and a structured Peripheral Development Scheme is in operation for the benefit of the villages surrounding Neyveli. Under this scheme, infrastructure and development works like drinking water provision by sinking/ maintaining bore wells, constructing roads, school buildings, libraries, bridges, developing medical facilities, de-silting of lakes etc., are carried out. An independent and progressing annual fund allocation has been made, which grew from ₹ 50 lakh in 1998-99 to the present allocation of ₹ 200 lakh per year. Works numbering 37 for a value of ₹ 363.59 lakh have been completed during the year 2011-12 for the benefit of population in the peripheral villages, while 22 nos. of development works for an agreement value of ₹ 461.42 lakh are in progress. Your Company provides continuous water supply to nearby villages for irrigating over 23,000 acres of land.

CSR – Community

As part of CSR for the community at large, your Company has proposed to provide social infrastructure facilities to the Igloo village in Leh-Ladakh area which was devastated by cloud burst and consequent landslide during August 2010, at an approximate value of ₹ 3 crore and this provision is in addition to the CSR budget provided.

Since 1987 your Company has been extending all assistance including grant and infrastructure to Sneha Opportunity Services to run a day-care education and training centre for special children of the region.

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

Your Company has been conducting various CSR focused training programmes for the benefit of the students, teachers and others of Neyveli region and 8,653 persons have been benefitted during the year 2011-12.

CSR – Education

Your Company recognises the importance of education in human development of the region and offers best education facilities to the students through its 13 Schools - 3 Higher Secondary Schools, 2 High Schools, 5 Middle Schools and 3 Elementary Schools under its management. These schools have been providing education to the students from the peripheral villages also along with the wards of your Company's employees.



Your Company provides infrastructural support and also periodical financial grants to Jawahar Education Society which provides quality education not only to the wards of employees but also to the children of villages around Neyveli Township.

An Industrial Training Institute in Barsingsar village was recently inaugurated to impart technical skills in various trades to the population around the project site.

CSR – Health

Your Company also provides quality medical treatment and occupational health service through its General Hospital to all the inhabitants of the Neyveli Township and its surrounding villages, during the year 2011-12:

- free medical consultation with minimum anti-biotic therapy and vitamins extended to 76,086 out-patients from the rural public. Another 21,324 patients have been given emergency treatment for various causes.
- Medical treatment identity books issued to around 10,200 eligible contract workmen for availing medical treatment for self and their family members including inpatient treatment, free of cost.
- Community Health Screening for diabetes, hypertension and HIV covering persons from rural population during Annual Book Fair and Safety Week Celebration and counseled for behavioural change.
- 14 medical camps were conducted in peripheral villages viz. Iruppu, Kuravankuppam, Matrakkudiyiruppu, Perperiyankuppam, Periyakappankulam, Mettukuppam, C-Keeranur, Iruppukurichi, A-Block, Mudanai, Vadalur, Kattukoodalore, Mudapalli and Kathazhai which are located within about 15 kilometre radius of Neyveli Township and 4,479 persons of these 14 villages have been health-screened and given medical advice and medicines.

Contribution to the cause of Women

NLC Chapter of “Forum of Women in Public Sector” (WIPS) under the aegis of SCOPE is being patronised by your Company. Your Company provides all the requisite support to this forum in organising various programmes for the growth and development of women.

Visit of Parliamentary Committees

- Parliamentary Standing Committee on Coal & Steel visited on 2nd June, 2011 and reviewed the performance of your Company.
- Parliamentary Committee on Official Language Implementation visited on 14th February, 2012 and reviewed the status of implementation of official language in your Company.

Awards & Recognition

Awards received by your Company during this year are given below:

- “Safety and Quality Award” from the Institution of Engineers – India (IEI) at Chennai.
- State Level First Prize for the Pay Roll Saving Scheme Group Leader for the year 2010-11, instituted by Government of Tamilnadu at Chennai.
- Silver Shield at the National Level Environment Award among coal/lignite based Thermal Power Stations instituted by Ministry of Power, Government of India at New Delhi by Thermal Power Station-I Expansion for the year 2010-11.
- “Organisation with Best HR Strategy in line with Business Award” given by Institute of Public Enterprises in HR Leadership Awards 2012.

Compliance under Persons with Disabilities Act, 1995

Your Company ensures compliance of provisions under the Persons with Disabilities Act, 1995. Suitable arrangements/modifications are made in the working place to meet the requirements of persons with disability.



Compliance under the Right to Information Act, 2005

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

During the year 2011-12, 402 numbers of requests containing more than 2000 queries were received and all the requests have been complied with.

Citizen's Charter

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

Particulars of Employees

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 - Nil.

Energy Conservation and Research & Development

The particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 regarding energy conservation measures, technology absorption and expenditure on R&D are furnished in Annexure-1.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion & Analysis Report is furnished in Annexure-2. The report on Corporate Governance and with the Auditors' Certificate on the compliance of Corporate Governance conditions stipulated by Clause-49 of the Listing Agreement and DPE guidelines are furnished in Annexure-3 and 4 respectively.

Auditors

Cost Audit

M/s. S. Mahadevan & Co., Cost Accountants, have been appointed as the Cost Auditors for the year 2011-12, to carry out the cost audit for the three Power Stations of the Company. The Cost Audit Report for the year 2010-11 was filed with the Ministry of Corporate Affairs on 23.09.2011 against the due date of 27.09.2011.

Branch Audit

M/s. Prakash K. Prakash, Chartered Accountants has been appointed as the Branch Auditors by Comptroller and Auditor General of India (C&AG) for conducting the audit of Mine and Thermal Units at Barsingsar.

Statutory Audit

M/s. L.U.Krishnan & Co., Chartered Accountants and M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, were appointed by the C&AG, as Joint Statutory Auditors for the year 2011-12 under Section 619 (2) of the Companies Act, 1956. The Board of Directors of the Company has fixed ₹ 12 lakh plus applicable service tax as the Statutory Audit fees, to be shared equally by the Joint Statutory Auditors in addition to reimbursement of out of pocket expenses at actual.

C&AG's Comments

C&AG's comments on the accounts for the year ended 31st March, 2012 is furnished in Annexure-5.

Directors' Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956

The Board of Directors declares:-

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



- b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a going concern basis.

Board of Directors

On attaining the age of superannuation Shri A.R. Ansari laid down the office of Chairman-cum-Managing Director on 30.06.2012. The Board places on record its appreciation for the valuable services rendered by Shri A.R. Ansari as Chairman-cum-Managing Director of the Company.

Shri B. Surender Mohan, who was earlier functioning as Director (Mines) has been appointed as Chairman-cum-Managing Director by the Ministry of Coal w.e.f. 01.07.2012.

Shri N. Sundaradevan, Principal Secretary to Government of Tamilnadu, Industries Department, Shri R.K. Mahajan, former Joint Secretary, Ministry of Coal, Smt. Zohra Chatterji, Additional Secretary, Ministry of Coal and Shri Rakesh Kumar were inducted into the Board as Directors w.e.f. 19.07.2011, 12.09.2011, 29.09.2011 and 23.05.2012 respectively..

Sarvashri Rajeev Ranjan, Alok Perti, R.K.Mahajan and K.Sekar relinquished their position as Director w.e.f. 26.05.2011, 12.09.2011, 23.09.2011 and 31.03.2012 respectively. The Board places on record its appreciation for the valuable contribution made by them during their tenure as Directors on the Board of the Company. Sarvashri R. Kandasamy, Sanjay Govind Dhande, J. Mahilselvan, L.N. Vijayaraghavan, and V. Murali, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for the re-election.

Acknowledgement

The Board of Directors of your Company places on record its sincere appreciation for the continued support and guidance extended by Ministry of Coal, Ministry of Power, Ministry of Finance, Ministry of Environment & Forest, Ministry of Industry, Ministry of Labour, Planning Commission, Central Electricity Authority, Central Electricity Regulatory Commission, State Electricity Boards and beneficiaries of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Puducherry and Rajasthan.

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

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

for and on behalf of the Board of Directors

PLACE : Chennai
DATE : 01.08.2012

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR



Annexure-1

A. Conservation of energy

a. Energy Conservation activities carried out in various units

- ❖ Use of FD discharge air for scanner cooling and elimination of cooling air fan in Burner Management System in 3 boilers in TPS-I.
- ❖ One number of mobile pump of 7.5 HP motor was introduced for ESP cleaning using high pressure water of HP flush pump of 200 KW capacity, 100 KW make up pump and one pump of 150 KW in Ash Discharge Pump House are avoided which led to conservation of water in TPS-I.
- ❖ Replacing class 150 valve with 300 class valves in compressor resulted in arresting of compressor air leakage and improved efficiency in TPS-I Expansion.
- ❖ Replacement of 27 Numbers standard LT motors (415V) of various capacities with similar capacity Energy Efficient Motor (EFF2) for auxiliary drives in TPS-II.
- ❖ Modification in one Boiler Feed Pumps of Stage-I unit for replacing Labyrinth with mechanical seals in TPS-II.
- ❖ During rejuvenation of BWE 1357, Main Slewing Motor Generator set was replaced with 6 RA 70 drive unit in Mine-I.
- ❖ Energy efficient Squirrel cage Induction motors of capacity 3.7 KW and 2.2 KW were procured and commissioned in Mine-I.
- ❖ Seven numbers of 90 KW and 5 numbers of 55 KW, Energy Efficient Slip ring Induction motor procured and commissioned in Mine-I.
- ❖ Ten numbers of Capacitor banks are in service in 10 numbers of bore wells starters in Mine-II.
- ❖ Energy efficient EFF2 class squirrel cage induction motor of capacity 2.2 KW was commissioned in slew drive of MTC 2 & RC1 and 7.5 KW in BWE 1421 and Man-II in Mine-II.
- ❖ Re-arrangement & clubbing of loads on 25 MVA, 230/11KV Transformer in SS were done during low load periods like conveyor shifting and re-routing, resulting in optimum utilisation and energy saving in Mine-II.
- ❖ Energy saving Variable Voltage Variable Frequency (VVVF) controls with PLC is introduced newly in all the Mine-II Expansion machine and conveyors.
- ❖ 103 Nos. of 2400 mm conveyor belt joints and 35 Nos. of 2000 mm conveyor belt joints were carried out using ceramic material heater elements for jointing conveyor belts in Mine-II.
- ❖ Excess drive motors in conveyors were isolated/removed depending upon the power requirement based on the length and the lift in S5, M3 and NL4 and also in the new surface bench system NS1 to NS7 in Mine-II.
- ❖ In Neyveli Township one number of 125 KVA / APFC (Automatic Power Factor Controller) to improve PF of water supply pump Distribution Transformers is installed. This will reduce the reactive component of the network and also the total current in the system from the source end.
- ❖ To measure the power consumption of Distribution Transformers and to monitor control energy CT operated energy meters with additional features like Data storage Remote Meter Reading was installed for ten distribution transformer as a trial measure in Township.



b. Additional Investments proposal for the year 2012-13

The estimated cost of additional investment proposals for reduction of consumption is ` 257.66 lakh.

c. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

The implementation of recommendation of energy audit carried out in various units as well as other improvement/ conservation measures resulted in a saving of 35,85,092 units for the year 2011-12.

B. Technology Absorption

Efforts made in technology absorption

As per Form-B annexed.

Total foreign exchange earnings and outgo

Total foreign exchange used : ` 401.69 crore

Total foreign exchange earned : NIL

* * *



FORM-B

Form for disclosure of particulars with reference to absorption of technology

I. Specific area in which R&D is carried out by the Company

The thrust areas of R&D during the year are:

- i. A Research study was conducted in collaboration with Central Electro Chemical Research Institute (CECRI), Karaikudi and the result was found successful. Based on that a project proposal was submitted on "Development of customized Organic Coatings for corrosion protection of special mining equipments at Neyveli Lignite Mines" and got approved by Ministry of Coal.
- ii. A bench scale production facility was erected at CARD to establish the production of Zeolite from fly ash, based on the study conducted in association with IIT/Kharagpur. Since the Zeolite is in the powder form, a new project has been initiated to pelletize the powder form of Zeolite to overcome some difficulties in water treatment.
- iii. A collaborative project with VIT/Vellore to utilise the bottom ash from thermal plants as partial replacement of sand in construction activities is in progress. Unburnt Carbon is separated from bottom ash using 'Air density separator'. It is observed that the mixture with bottom ash gives good strength and the results are encouraging.
- iv. A joint R&D project was taken up with National Institute of Technology/Tiruchirapalli to study preventive measures for erosion-corrosion problems in Storm Water Control pumps. Suitable coatings to withstand corrosion were identified by lab tests and three pumps were coated and the performance was evaluated. In phase-II of the study three more pumps were coated. Some coated areas were removed due to local cavitations and the problem was further studied by NIT/Tiruchirapalli in detail. As a part of the technical program and based on the findings of the preliminary Consultancy work, suitable alternate material was identified and six pumps were ordered and had served more than 800 hrs in Mines and working well.
- v. An air dispersion model has been developed by VIT/Vellore, which is able to predict the patterns of distribution of air pollutants in and around Neyveli. The removal rates of SO₂ by the evergreen canopy at Neyveli and wet scrubbing rates were determined.

II. Benefits derived as a result of R&D

- i. Commercialisation of the patented process for the production of Potassium Humate from lignite is being carried out through M/s. NRDC. Licenses were issued to five firms and four firms have undergone the process training at CARD and one firm has commercialised the process by establishing a plant for the production of Potassium humate.
- ii. About 200.26 kilo litres of Potassium Humate was produced in the pilot plant at CARD and the revenue earned from the sale was ₹ 34.53 lakh.
- iii. Erosion & corrosion problems in Storm Water Control Pumps due to low pH of storm water were rectified by procuring new pumps made out of new material (Cd4MCu).

**III. Future Plan of action**

- i. Enhancing the life of De-watering pipes in Coal/Lignite Mines by prevention of erosion-corrosion with Nano-Crystalline surface engineering treatments.
- ii. Design and development of procedure to assess safe barrier width for advancing benches in opencast Mines.
- iii. Design and development of technology for sustainable haul roads inside opencast mines.
- iv. Development of extraction technique for iron from bottom slag.
- v. Studies on the ignition and sintering properties of various types of lignite.
- vi. Development of pilot plant for production of bio-pesticides and its application.
- vii. Reclamation of slag dump areas in Mine-II suitable for development of green cover.
- viii. Carbon di-oxide sequestration from flue gas by biological methods.
- ix. Moisture removal from lignite, Pelletization and up-gradation.
- x. Lignite to liquid products.
- xi. Recovery of water from flue gas.

IV. Expenditure on R&D

(` in lakh)

Sl. No.	Description	Funded by		Total
		NLC	Other Agencies*	
1	Capital	74.79	0.00	74.79
2	Recurring expenditure	982.53	3.44	985.97
3	Total expenditure	1057.32	3.44	1060.76
4	Total R&D expenditure as % on turnover	0.22	-	0.22

*S&T projects funded by Ministry of Coal.



Management Discussion and Analysis Report

Industry Structure and Development

Power

The economic development of any country largely depends on the availability of adequate energy. India is one of the largest energy consumers in the world. Out of the total power generation in the country, thermal power constitutes predominantly followed by hydro power. Due to sustained efforts by the Government, the power generation from renewable energy sources is getting the required thrust and is slowly gaining momentum. The present energy scenario is that there is a wide gap between the demand and supply across the country. The total installed capacity as on 31st March, 2012 is 199.63 Giga Watt (GW). India has the fifth largest power generating capacity in the world and is the sixth largest energy consumer. Augmentation of the generating capacity is very important to maintain the desired GDP growth rate. The Country's targeted capacity addition to reach an installed capacity of around 350 GW by the year 2022 requires more large sized power projects to be installed and commissioned.

Demand and Production

As on 31st March, 2012, the energy availability was 857.87 Billion Units (BU) against the energy requirement of 937.20 BU leaving a shortfall of 8.5%. Against the peak demand of 130.01 GW, the peak availability was 116.19 GW leaving a peak shortage of 10.6%. As per the Working Group on Power for XII Plan, the estimated demand to achieve the projected GDP at the end of XII & XIII Plan periods are 1403 BU with a peak load of 197.69 GW and 1993 BU with a peak load of 289.67 GW, respectively.

Lignite and Coal

Lignite

Limited availability of other energy resources such as oil, gas etc., coupled with wide price volatility of those resources has made lignite as the best source of fuel for power generation in the southern part of the Country. In India the lignite reserves are available in the States of Tamilnadu, Rajasthan, Gujarat, Jammu & Kashmir, Paschim Banga, Kerala and Union Territory of Puducherry. Your Company as the nodal agency for lignite exploration and exploitation schemes in the Country, is involved in assessing and evaluating the reported occurrence of lignite besides locating new deposits. In addition GSI, MECL and State Government Departments are also carrying out lignite explorations. Under this exploration scheme around 1057 MT of inferred geological resources have been established during 2011-12 in the States of Tamilnadu and Rajasthan. Lignite exploration reports generated through various exploration agencies in the Country are regularly collected.

Regional exploration under promotional scheme in Ramanathapuram, Tamilnadu is expected to add around 3000 Million Tonnes (MT) of deep seated lignite reserves to the National Lignite Inventory which can be added only after completion of exploration works. Out of the total resources of 41962.78 MT, around 6180.90 MT resources are brought under proved category which constitutes only 15% of the total resources.

**Lignite Inventory as on 01.04.2012 (Provisional)**

(Reserve in million tonnes)

State	Category-wise Lignite resource			Grand Total
	Proved	Indicated	Inferred	
Tamilnadu	3735.23	22900.05	7242.85	33878.13
Rajasthan	1167.02	2152.59	1587.39	4907.00
Gujarat	1278.65	283.70	1159.70	2722.05
Jammu & Kashmir	0.00	20.25	7.30	27.55
Paschim Banga	0.00	0.93	0.86	1.79
Kerala	0.00	0.00	9.65	9.65
Puducherry	0.00	405.61	11.00	416.61
Total	6180.90	25763.13	10018.75	41962.78

At present lignite production in the Country has reached a level of 43.10 million tonnes.

Demand and Production

The Working Group on Coal and Lignite has projected the total lignite demand at 300.30 MT for XII Plan period. The demand projected at the terminal year of XII Plan and XIII Plan is 71.96 MT and 108.62 MT respectively. The Working Group has also estimated total lignite production at 290.16 MT for the entire XII Plan and the availability at the terminal year of XII Plan and XIII Plan are projected at 68.60 MT and 104.55 MT respectively.

Coal

Coal continues to be the predominant feed stock for thermal power generation in India. More than 70% of the coal produced in India is consumed by power sector. According to Central Electricity Authority (CEA), coal based thermal power plants constitute around 56% of the total installed capacity and these plants consume more than 70% of the total domestic production of coal in the Country.

As per the exploration data available as on April 2012, a total of 292 Billion Tonnes (BT) of geological resources of Coal have so far been estimated in India and out of which 118 BT belong to the 'proved' category. The proved category of coal reserves are predominantly available in the States of Jharkhand, Odisha, Chattisgarh and Paschim Banga.

Demand and Production

As per the report of the Working Group on Power for XII Plan, the coal based power plants are estimated to generate around 1095 BU and to achieve this generation, the coal requirement during this period would be around 842 MT. It is estimated that the total domestic coal availability during the year 2016-17 will be 604 MT leaving a shortfall of 238 MT which has to be met through import of coal. Presently the domestic coal supply does not match with the requirement of power sector and also other sectors such as steel, cement etc. Considering the mis-match of demand and supply, the Government of India has formulated a policy to facilitate acquisition of raw material assets abroad by Maharatna/Navratna CPSEs with a view to accelerate the pace of such acquisition. As per this policy, the raw material assets abroad shall include ownership, lease, rights for exploration, development and production of assets that has proven resources. This policy would pave way for acquisition of coal assets abroad and thus would bridge the demand supply gap to a greater extent and the dependency on domestic coal would get reduced.



Under Ground Coal Gasification/Coal Bed Methane

The deep seated lignite deposits which cannot be exploited with the present available technologies, could be mined through use of alternate technologies such as Underground Coal Gasification (UCG) and extraction of Coal Bed Methane (CBM). UCG is the process of converting the coal in-situ into a combustible gas through burning of coal and create a source of clean energy. Methane is produced within the coal seams during the coalification process and thus forms an integral part of the coal seams which act as a reservoir rock. However, the technologies for such gasification/extraction is under developmental stage.

For development of UCG projects your Company has renewed the MoU with ONGC and has also proposed to enter into an MoU with Rajasthan State Petroleum Corporation Limited for implementing UCG projects in Rajasthan through a developer agency on profit sharing basis. Your Company is also contemplating to enter into an MoU with GAIL for development of surface gasification plant using lignite.

Opportunities and Threats

The power sector plays a major role in the development of any Country as economic growth determines the energy demand and also the energy consumption. As discussed earlier, presently there is a wide gap in the demand and supply position of electric power in India. The demand for electric power is growing many fold and the peak energy and the energy deficits are expected to remain high. According to the report of the Working Group on Power for XII Plan, the peak demand and energy requirement during the terminal year of XIII Plan is expected to be 290 GW and 1993 BU respectively and the corresponding capacity addition that may be required to meet the above demand is 93 GW. Thus there is an ample scope for every generator to enhance their capacity.

Further, the Government of India has accorded top priority for developing the power sector through various policy initiatives and incentives and has also categorised this as an infrastructure sector. With the objective to accelerate the capacity addition programmes and to develop the power sector, GOI had brought out Electricity Act, 2003 which was subsequently amended through the Electricity Amendment Act, 2007 and further has also formulated guidelines for setting up of Ultra Mega Power Projects/Merchant Power Plants, open access, rural electrification programme etc. Further, the development of power generation from renewable energy sources is being given more thrust by GOI.

As discussed earlier, thermal power accounts for the majority of power generation. The lignite and coal are the main feed stock for the thermal power generation. Coal and lignite reserves are abundantly available in the Country. In order to augment coal resources, the GOI has a policy for allocation of captive coal blocks to power generators. Moreover, the policy of GOI also encourages Maharatna/Navratna Companies to acquire coal assets abroad. Such acquisition of assets would ensure long term availability of fuel for power plants.

Though presently there is a huge demand for power and which is also expected to grow further, the capacity addition programmes of power generators has been affected to a great extent due to belated/non-settlement of power bills by some of State beneficiaries on account of their poor financial health.

The power tariff regulation prescribe cap on the expenditures on O&M for the purposes of tariff calculation and also on the returns on equity. In the days where the cost of generation is on the increasing trend on account of cost increase of various input factors. The above regulatory cap may impinge the profitability of the generators.

Capacity addition programmes largely depend on the supply of power equipment by the manufacturers as per the agreed schedules. In view of limited availability of such manufacturers and particularly the overbooked order position of domestic suppliers, the capacity addition programme of generators gets hampered resulting in cost and time overrun.



Most of lignite deposits in the Country are available in the States of Tamilnadu followed by Rajasthan and Gujarat. More than 85% of the total available reserves are deep seated in nature and are not amenable to conventional mining. Technology to tap the deep seated reserves are in the nascent stage. Further adverse geological conditions for lignite mining also increase the stripping ratio resulting in higher excavation cost. As regards mining of coal, the majority of coal blocks fall under the 'no-go' zone, i.e, forest and tribal inhabited areas. Exploitation of coal reserves in those areas may not be possible presently.

Resistance to acquisition of land and associated issues in rehabilitation and resettlement of land evictees, including demand for employment are really a cause of concern. Environmental issues also pose problem for mining. Delay in obtaining land, forest and environmental clearances results in time overrun of the projects. As far as import of coal is concerned, there are limitations in logistics in terms of inadequate transportation facilities available in certain countries where the coal reserves are more and further restrictive regulations prevailing in such countries make the imports a very difficult and expensive.

Segment-Wise Performance

Covered in the main report.

Outlook

The total power generation capacity of the Company including TPS-II Expansion project under construction in Neyveli is 3240 MW. The present lignite mining capacity of the Company is 30.6 MTPA. Neyveli New Thermal Power Project (1000 MW) which is a replacement of the existing TPS-I (600 MW), is under implementation and as per the sanction the project is scheduled to be commissioned in the year 2015. Besides the above, green energy projects viz., wind power project (50 MW) and solar power project (10 MW) are also under implementation. Taking into account the other projects under consideration viz., Bithnok Power Project (250 MW), Barsingsar Extn. Power Project (250 MW), Sirkali Coastal Power Project (4000 MW), the total power generation would increase to 8200 MW by the end of XII/XIII Plan. The proposed Mine projects in Bithnok, Hadla and Palana blocks including Devangudi Block would increase the capacity to 37.35 MTPA during the XII Plan period.

Further, your Company would also consider participating in the new projects as may be notified by Government/beneficiary under tariff based bidding route. Your Company is also exploring the possibility to acquire domestic coal blocks and has also proposed to jointly develop the coal blocks allotted to State Governments. CEA has recently advised the thermal power generating companies/power project developers to design the power generating equipment to enable blending of imported coal with the domestic coal in the ratio of 30:70 in order to meet the widening gap between the demand and supply of domestic coal. In order to meet its requirement and also for its coal based thermal projects of the Subsidiary Company, your Company is exploring the possibility to acquire coal assets in India and abroad.

As Members may be aware, your Company has approached Ministry of Coal for exemption of lignite based power projects from tariff based competitive bidding route. If such exemption is given, your Company may pursue 8.0 MTPA capacity lignite mine (Mine-III) linked to 1000 MW TPS at Neyveli besides 8.0 MTPA lignite mine at Gujarat linked to 1000 MW TPS.

JV Projects

The Tuticorin Thermal Power Project (1000 MW) under implementation by NLC Tamilnadu Power Limited, the Subsidiary Company, is anticipated to be commissioned during XII Plan. In addition to this, the proposed JV power project of capacity 1980 MW with UPRVUNL is also anticipated to be commissioned during XII Plan. Your Company is also entitled to 15% share of the total capacity (20.0 MTPA) of coal mined out by MNH Shakti Limited, the JV project.



Risks and Concerns

- ❖ Mounting power sale arrears from DISCOMS of Southern States due to their poor financial health.
- ❖ Company geographically situated in a cyclone prone area and hence possible disruption of mining activities during monsoon periods and also threat of sea water intrusion.
- ❖ Lignite seam washout condition in the operating mines affecting production of lignite and consequentially power generation of linked power stations.
- ❖ Higher stripping ratio leading to high operation cost of excavation of lignite.
- ❖ Cap on O&M expenses and other stringent norms prescribed by regulatory authority affecting power tariff and any adverse changes in the tariff policy may impact the profitability of the Company.
- ❖ Delay in implementation of the projects consequent to the delay in supply by the equipment manufactures due to their over booked order positions.
- ❖ Resistance to acquisition of land for mining and power projects hampering capacity addition programmes. Further any bottleneck in the planned land acquisition programme also affects the mine movement, thereby the mining and power generation.
- ❖ Higher outgo towards rehabilitation and resettlement packages and other issues connected thereto like demand for employment of land evictees etc.

Internal control systems and their adequacy

The Company has well-established internal control systems and procedures commensurate with its size and nature of business with an approved and well laid out delegation of authority, Purchase, Contracts and Personnel Manuals. Further, the Vigilance Branch has also published Compendium of circulars issued by CVC on procurement matters so as to ensure transparency and accountability in the process of procurement. The internal audit is conducted by five external firms of Chartered Accountants covering all the offices/area of operations and their reports are periodically reviewed by the Audit Committee.

Audit Committee periodically interacts with Internal and Statutory Auditors to assess the adequacy of internal control systems and also supervises the financial reporting process through review of periodical financial statements. Further, the accounts of the Company are subject to C&AG audit in addition to the propriety audit conducted by them.

Discussion on financial performance with respect to operational performance

Covered in the main report.

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

Covered in the main report.

**Report on Corporate Governance****Mandatory Requirements****Company's Philosophy on Code of Governance**

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

Board of Directors**Composition**

As on 31st March, 2012, the Board of Directors of your Company headed by an Executive Chairman comprised six Executive Directors, two Non-executive Directors and eight Independent Directors and the said composition is fully meeting the requirements prescribed under the Listing Agreement with the Stock Exchanges and the guidelines issued by Department of Public Enterprises.

The particulars regarding composition of Board of Directors as on 31st March, 2012 and other details are furnished below:

Sl. No.	Name (Sarvashri)	Designation	Other Directorships held as on 31.03.2012	Other Committee* Memberships held as on 31.03.2012	
				As Member	As Chairman
Executive Directors					
1	A.R.Ansari	Chairman-cum-Managing Director	1	-	-
2	B.Surender Mohan	Director (Mines)	-	-	-
3	R.Kandasamy	Director (Planning & Projects)	2	1	-
4	K.Sekar	Director (Finance)	1	-	-
5	J.Mahilselvan	Director (Power)	1	-	-
6	Sarat Kumar Acharya	Director (Human Resource)	-	-	-
Non-executive Directors					
7	Smt. Zohra Chatterji	Additional Secretary, Ministry of Coal, Govt. of India - Part-time Official Director	1	-	-
8	N. Sundaradevan	Principal Secretary to the Govt. of Tamil Nadu, Industries Department - Part-time Official Director	14	-	-
Independent Directors					
9	Sanjay Govind Dhande	Part-time Non-official Director	-	-	-
10	S.K. Roongta	-do-	8	5	1
11	L.N. Vijayaraghavan	-do-	2	-	1
12	A.P.V.N. Sarma	-do-	6	1	2
13	M.B.N. Rao	-do-	14	5	4
14	M.M. Sharma	-do-	-	-	-
15	V. Murali	-do-	2	-	-
16	R.K. Mishra	-do-	2	2	-

*Audit Committee and Shareholders/Investors Grievance Committee



Board Procedures

The Chairman-cum-Managing Director (CMD) has been delegated with certain administrative and financial powers by the Board of Directors. Major decisions involving large capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments (other than short-term investments), borrowing, all policy decisions including policies relating to all human resource matters are decided only at the meetings of the Board. The Board of Directors of the Company have constituted various Sub-committees of the Board as detailed in this report and the said Committees exercise the powers as per the delegation granted.

Dates of Board Meetings and Directors' Attendance

During the financial year 2011-12, 9 meetings of the Board of Directors were held on the following dates:

27th May, 2011, 27th June, 2011, 29th July, 2011, 12th September, 2011, 9th November, 2011, 9th December, 2011, 23rd January, 2012, 10th February, 2012 and 2nd March, 2012.

The details of attendance of Directors at the Board Meetings held during the financial year 2011-12, were as under:

Name (Sarvashri)	No. of meetings attended out of 9 held	Remarks
A.R.Ansari	9	
B.Surender Mohan	7	
R.Kandasamy	9	
K.Sekar	9	
J. Mahilselvan	9	
Sarat Kumar Acharya	9	
Smt.Zohra Chatterji	4	Inducted w.e.f. 29.09.2011
N.Sundaradevan	2	Inducted w.e.f. 19.07.2011
Alok Perti	3	Relinquished w.e.f. 12.09.2011
Rajeev Ranjan	-	Relinquished w.e.f. 26.05.2011
R.K.Mahajan	1	Inducted w.e.f. 12.09.2011 and relinquished w.e.f. 23.09.2011
Sanjay Govind Dhande	3	
S.K.Roongta	2	
L.N.Vijayaraghavan	8	
A.P.V.N.Sarma	7	
M.B.N.Rao	5	
M.M.Sharma	8	
V.Murali	8	
R.K.Mishra	9	

Annual General Meeting Attendance

Shri. A.R. Ansari, the then CMD, Sarvashri B. Surender Mohan, K. Sekar, the then Director (Finance), R. Kandasamy, J. Mahilselvan, Sarat Kumar Acharya, Sanjay Govind Dhande, L.N. Vijayaraghavan, M.B.N. Rao, M.M. Sharma, V. Murali and R.K. Mishra Directors, attended the last AGM held on 12th September, 2011.

**Board Committees**

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

Empowered Committee

This Committee comprises Chairman-cum-Managing Director, Director (Finance), Director (Planning & Projects) and the Functional Director concerned, in whose operational area, the proposal belongs to, as its Members. This Committee accords approval for certain activities relating to purchase/contracts, as delegated by the Board, prior to award of order/ contract.

Sub-Committee on Purchase/Contracts

The Sub-committee on Purchase/Contracts accords approval for award of order/contract as per the delegation granted by the Board of Directors. Presently, this committee comprises Shri B. Surender Mohan, CMD as its Chairman and Sarvashri R. Kandasamy, J. Mahilselvan and Rakesh Kumar, Directors as its Members.

Project Sub-Committee

Project Sub-committee has been constituted by the Board of Directors of the Company to examine the proposals including Feasibility Reports for investment in New/Expansion/Joint Venture Projects or any capital expenditure exceeding the value prescribed by the Board and to make appropriate recommendations to the Board. Further, this Committee has also been mandated by the Board to review periodically the status of projects under implementation by the Company. This Committee presently comprises Shri B. Surender Mohan, CMD as its Chairman and Sarvashri R. Kandasamy, J. Mahilselvan, Rakesh Kumar, S.K. Roongta, L.N. Vijayaraghavan, A.P.V.N. Sarma and Sanjay Govind Dhande, Directors as its Members.

Audit Committee

The Committee presently comprises Shri V.Murali, Director as its Chairman and Sarvashri L.N. Vijayaraghavan, R.K. Mishra and M.B.N. Rao, Directors as its Members and all are Independent Directors. The above committee was reconstituted during the year by induction of Shri R.K. Mishra, Director as a member in the place of Shri. Sanjay Govind Dhande, Director. The terms of reference of Audit Committee conform to the requirements of Section 292A of the Companies Act, 1956 and Clause-49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines.

The details of attendance of members for the Audit Committee meetings held during the year 2011-12 are as under:

Name (Sarvashri)	No. of meetings held during the period of Office	No of meetings attended
V.Murali - Chairman	7	7
L.N.Vijayaraghavan - Member	7	6
M.B.N.Rao - Member	7	6
R.K.Mishra - Member	5	4
Sanjay Govind Dhande - Member	2	-

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

Sub-committee for Contribution/Donation/Sponsorship

This Sub-committee of Board of Directors accords approval for proposals for Contribution/Donation/ Sponsorship by the Company upto the value delegated by the Board. This Committee presently comprises Shri B.Surender Mohan, CMD as its Chairman and Sarvashri Sarat Kumar Acharya and Rakesh Kumar, Directors as its Members.



Sub-Committee for Resource Mobilisation

This Committee presently comprising Shri B.Surender Mohan, CMD as its Chairman and Sarvashri J. Mahilselvan and Rakesh Kumar, Directors as its Members accords approval for carrying out certain delegated functions in connection with the borrowing /debt raising proposals which have been approved by the Board.

Sub-Committee for Short-term Investment

Surplus money, as may be available with the Company from time to time are placed as Short-term deposits as per DPE guidelines and the Board approved investment policy, with the approval of this Sub-committee presently comprising Shri B. Surender Mohan, CMD as its Chairman and Shri Rakesh Kumar, Director and any one of the other Functional Directors as its Members.

Committee of Directors for issue of Share/Bond Certificates

This Sub-committee presently consisting of Sarvashri M.M. Sharma as its Chairman, R.K. Mishra and Rakesh Kumar, Directors as its Members, accords approval for issue of split/consolidation/duplicate share/bond certificates and also for issue of share/bond certificates against the rematerialisation requests and in lieu of mutilated certificates.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee presently comprising Shri. M.M.Sharma, Director as its Chairman and Sarvashri Rakesh Kumar, A.P.V.N. Sarma and Sanjay Govind Dhande, Directors, as its Members look into the redressal of Shareholders/Investors grievance and review the action taken by the Company.

Integrated Enterprises (India) Ltd., Chennai, is the Share Transfer Agent and the Depository Registrar (STA & DR) of the Company and they attend to transfers/ transmission requests lodged with the Company. The STA & DR also co-ordinate with NSDL & CDSL, the Depositories and attend to Investors' complaints.

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. During the year, 218 complaints were received from the shareholders/investors, generally pertaining to non-receipt of dividend and Annual Report. As per the report received from the Share Transfer Agent, there was no complaint pending for redressal as on 31.03.2012. As reported by the STA & DR, as on 31st March, 2012, barring 10 applications for share transfers lodged with the Company during the last fortnight of March 2012, all other applications for share transfers have been processed. The said 10 applications have also been processed in the month of April 2012. As per the Listing Agreement, the Company Secretary is the Compliance Officer and the activities of the STA & DR are under the supervision of the Compliance Officer.

Sub-committee for Pricing of Lignite and Power

This Committee presently comprising Shri B. Surender Mohan, CMD as its Chairman and Sarvashri J. Mahilselvan and Rakesh Kumar, Directors as its Members approves the policies and issues relating to transfer price of lignite, lignite price and policy in respect of sales to outsiders and further approval of this Committee is required for fixation of tariff for power sales, if any, made to direct consumers.

Remuneration Committee

The appointment of Executive Directors including the Chairman-cum-Managing Director is contractual in nature and the remuneration is paid to them as per the terms of their appointment made by the Government of India. However, for finalising the Performance Related Pay for Executive Directors, Executives and Non-unionised Supervisors, as required under the DPE guidelines, the Board has constituted the Remuneration Committee and this Committee presently comprises Shri A.P.V.N.Sarma, Director as its Chairman and Sarvashri M.M.Sharma, S.K.Roongta and V.Murali, Directors, as its Members. Shri Rakesh Kumar, Director is the Co-opted Member and Shri Sarat Kumar Acharya, Director is the Member-Convenor. During the year two meetings were held and all members attend the meetings excepting Sarvashri A.P.V.N. Sarma and S.K.Roongta, Directors, who did not attend the 1st and 2nd meeting respectively.

**CSR Committee**

The CSR Committee presently comprising Shri R.K. Mishra, Director as its Chairman, Shri V. Murali, Director, as its Member and Shri Sarat Kumar Acharya, Director as its Member-Convenor, evaluate specific CSR initiatives of the Company and also monitor implementation of the same.

Committee on Sustainable Development

The Sub-committee on Sustainable Development has been constituted by the Board of Directors of the Company to examine the proposals for approval of Sustainable Development Plan and the allocation for individual projects. This Committee presently comprises Shri Sanjay Govind Dhande, Director as its Chairman and Director (Power) as its Member and Director (P&P) as the Member-Convenor.

Remuneration Details

The details of remuneration paid to the following Executive Directors during the year 2011-12 are as under:

Sl. No.	Name of the Director (Sarvashri)	Salary for the year (`)	Benefits * (`)	Performance Related Pay** (`)
1.	A.R.Ansari	16,03,027	8,81,639	12,66,766
2.	B.Surender Mohan	14,91,382	7,04,087	11,06,690
3.	R.Kandasamy	14,32,648	6,61,803	6,71,082
4.	K.Sekar	14,31,168	24,83,642	7,56,059
5.	J.Mahilselvan	13,96,092	7,29,781	-
6.	Sarat Kumar Acharya	13,82,518	7,65,052	-

*includes terminal benefits, if any. ** PRP for 2009-10 paid in 2011-12

The service contract/notice period/severance fee etc., for the above Directors are as per the terms of appointment made by the Government of India. During the year 2011-12, no bonus/commission was paid and no Stock Options were issued to them.

No remuneration is being paid to Part-time official Directors nominated by the Government of India and to the Independent Directors on the Board. Independent Directors are being paid Sitting fees @ ` 20,000/- for attending the meetings of the Board of Directors and ` 15,000/- for the meetings of the Sub-Committees thereof. The sitting fee was revised w.e.f. 27.05.2011 from ` 10,000/- to ` 20,000/- for Board Meetings and from ` 10,000/- to ` 15,000/- for Sub-committee meetings.

The details of sitting fees paid to Independent Directors during the year 2011-12 are as under:

Sl. No.	Name of the Director (Sarvashri)	Sitting fee paid for (`)	
		Board Meetings	Committee Meetings
1.	Sanjay Govind Dhande	60,000	30,000
2.	S.K.Roongta	40,000	20,000
3.	L.N.Vijayaraghavan	1,50,000	1,35,000
4.	A.P.V.N.Sarma	1,40,000	1,05,000
5.	M.B.N.Rao	90,000	80,000
6.	M.M.Sharma	1,50,000	80,000
7.	V.Murali	1,50,000	1,50,000
8.	R.K.Mishra	1,70,000	90,000



Status of unclaimed shares certificates in terms of clause 5A II of the Listing Agreement

There were 6900 equity shares pertaining to 36 shareholders lying unclaimed as on 01.04.2011. The Company had sent requisite reminders to the above shareholders to claim the share certificates. In response to the above, 29 shareholders holding 5600 equity shares have claimed the share certificates during the year 2011-12 and the balance 1300 equity shares in respect of 7 shareholders have been transferred to Unclaimed Suspense Account as per the provisions of the Listing Agreement.

Code of Conduct

As required under the Listing Agreement, the Board of Directors of the Company have laid down a Code of Conduct applicable for all Board Members and Senior Management Personnel of the Company. In this regard, a declaration by the Chairman-cum-Managing Director is reproduced below:

“I hereby confirm that all the Members of the Board and Senior Management Personnel to whom the Code of Conduct was applicable have affirmed compliance of the above code for the year ended 31st March, 2012”.

General Body Meetings

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

Year	Date & Time	Venue
AGM 2008-09	03.09.2009 11.00 Hrs.	“Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T T K Road, Chennai - 600 018.
AGM 2009-10	02.09.2010 11.00 Hrs.	“Kamaraj Memorial Hall”, New No.492, Anna Salai, Chennai - 600 006.
AGM 2010-11	12.09.2011 11.00 Hrs.	“Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T T K Road, Chennai - 600 018.

Special Resolutions

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

Postal Ballot

There was no requirement for seeking approval of the members by Postal Ballot. Any decision for matters requiring approval of shareholders through postal ballot system will be obtained as prescribed in the Companies Act, 1956.

Disclosures

The Company, during the year, has not entered into any transactions of material nature with the Directors of the Company that may have potential conflict with the interests of the Company at large. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matters relating to capital markets during the last 3 years. Details of administrative office and financial expenses for the year under review and for the previous year are available in the annual accounts.

Means of Communication

The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The quarterly financial results are generally published in Business Line in all edition and Dinamani (Tamil) in all edition while the annual financial results are generally published in The Hindu, Business Line, The Economic Times, The Financial Express, Business Standard and Dinamani (Tamil).



The financial results are also made available in the Company's website-www.nlcindia.com in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchanges. The Company's official news releases are also being made available in the Company's website.

General Shareholder Information

AGM : Date, day, time and venue : 14th September, 2012 - Friday, 11-00 Hours
"Sathguru Gnanananda Hall", Narada Gana Sabha,
No.314, T T K Road, Chennai - 600 018.

Financial Calendar for the year 2012-13

Results for the quarter ending 30 th June, 30 th September, 31 st December	Within 45 days from the end of the quarter.
Audited Yearly results	Within 60 days from the end of the year.

Stock code

Name of the Stock Exchange	Stock Code
The Bombay Stock Exchange Ltd.	513683
National Stock Exchange of India Ltd.	NEYVELILIG

Stock Market Data

The monthly high and low market price of the Company's shares during each month in 2011-12 as quoted at the Bombay Stock Exchange and its comparative performance with the broad base BSE Sensex & NIFTY during the same period were as under:

Month	Share Price (`)		BSE SENSEX		NIFTY	
	High	Low	High	Low	High	Low
April 2011	118.00	102.00	19,811.14	18,976.19	5,944.45	5,693.25
May 2011	112.20	97.60	19,253.87	17,786.13	5,775.25	5,328.70
June 2011	106.90	92.40	18,873.39	17,314.38	5,657.90	5,195.90
July 2011	105.80	97.35	19,131.70	18,131.86	5,740.40	5,453.95
Aug.2011	101.35	78.45	18,440.07	15,765.53	5,551.90	4,720.00
Sep.2011	90.05	78.10	17,211.80	15,801.01	5,169.25	4,758.85
Oct. 2011	83.00	73.50	17,908.13	15,745.43	5,399.70	4,728.30
Nov.2011	84.60	67.65	17,702.26	15,478.69	5,326.45	4,639.10
Dec.2011	77.75	69.00	17,003.71	15,135.86	5,099.25	4,531.15
Jan. 2012	91.60	71.80	17,258.97	15,358.02	5,217.00	4,588.05
Feb.2012	105.30	84.10	18,523.78	17,061.55	5,629.95	5,159.00
March 2012	94.00	81.10	18,040.69	16,920.61	5,499.40	5,135.95

**Date of Book Closure**

The Register of Members and the Share Transfer Register of the Company would remain closed from 01.09.2012 to 14.09.2012 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for dividend, if any, declared at the ensuing Annual General Meeting.

Dividend payment date

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

Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges upto the year 2012-13.

Share Transfer System

The share transfer requests lodged with the Company are processed by the Company's Share Transfer Agent and approved by the Sub-committee of Senior Officers for Investor Servicing, which meets depending upon the requirement.

Shareholding Pattern

The Shareholding Pattern of the Equity Share Capital of the Company as on 31st March, 2012 was as under:

Category	No. of Shares	% to total
President of India	1569639900	93.56
Financial Institutions/Banks	1108893	0.07
Insurance Companies	78206834	4.66
Mutual Funds/UTI	865782	0.05
Bodies Corporate	3371349	0.20
Foreign Institutional Investors	837598	0.05
NRI	843581	0.05
Public	22349958	1.33
Clearing Members	423035	0.03
Others	62670	0.00
Total	1677709600	100.00

Depository Registrar and Share Transfer Agent

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

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

**Distribution of Shareholding as on 31.03.2012**

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of shares	Percentage of shareholding
1 - 500	100932	93.65	12608497	0.75
501 - 1000	3998	3.71	3300301	0.20
1001 - 2000	1573	1.46	2440944	0.15
2001 - 3000	440	0.41	1151121	0.07
3001 - 4000	232	0.22	847331	0.05
4001 - 5000	166	0.15	788167	0.05
5001 - 10000	246	0.23	1769648	0.10
10001 and above	185	0.17	1654803591	98.63
Total	107772	100.00	1677709600	100.00

Details of Shares held by Non-executive Directors

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

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

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

Dematerialisation of shares and liquidity

The equity shares of the Company are compulsorily traded in dematerialised form as per the notification issued by SEBI. As on 31st March, 2012 equity shares numbering to 167,51,35,748 (99.85%) have been dematerialised by the shareholders. The Company's equity shares are actively traded on the Stock Exchanges.

Plant locations

Mine-I (including Expansion) Mine-IA, Mine-II (including Expansion), TPS-I, TPS-I Expansion and TPS-II are located in Neyveli in Cuddalore District in the State of Tamilnadu. Barsingsar Mine and Thermal Power Plant are located in the State of Rajasthan. TPS-II Expansion and Neyveli New Thermal Power Station are under construction in Neyveli. The Thermal Power Plant of the Subsidiary Company is under construction at Tuticorin, in the State of Tamilnadu.

Address for correspondence

Shareholders/Investors may send their correspondence to the Company Secretary either to the Registered Office at 'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010 (Tel. No.044-28364617) or to the Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu (Tel.No.04142-252205). Shareholders may also send their communication electronically to investors@nlcindia.com, the exclusive e-mail-id provided as required under the listing agreement.

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



Non-Mandatory Requirements

Chairman of Board

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

Remuneration Committee

As the Company is a Government Company in terms of Section 617 of the Companies Act, 1956, the remuneration of Directors is fixed by the Government of India. However, as stated earlier, Remuneration Committee has been constituted by the Board, in terms of DPE guidelines, to finalise the Performance Related Pay for the Executive Directors, Executives and Non-unionised Supervisors.

Shareholder Rights

The Company's financial results are published in English National newspapers having wide circulation all over India and also in a vernacular newspaper having wide circulation in the State of Tamilnadu and hence the financial results are not being sent individually to the shareholders. Further, as required under the Listing Agreement, the results of the Company are also furnished immediately to the Stock Exchanges and also uploaded in the Company's web site www.nlcindia.com for the information of shareholders and other investors, in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchanges.

Audit Qualifications

It is always the Company's endeavour to present unqualified financial statements. The Audit Report for the year 2011-12 does not contain any audit qualifications.

Training of Board Members

The Executive Directors are the functional heads of their respective functional areas by virtue of their possessing the requisite expertise and experience and are aware of the business model of the Company as well as the risk profile of the Company's business. The Non-executive Directors are fully aware of the Company's business model. The risk profile of the Company's business has been well defined by the Board and the Board Members are apprised periodically on the same.

Mechanism for evaluation of Non-executive Board Members

The Non-executive Directors (Official Part-time Directors) are nominated by Ministry of Coal and the Government of Tamil Nadu respectively and being the official nominees, their performance is evaluated as per the rules of their respective departments. The Non-executive Independent Directors are selected by the Government of India for appointment as Board Members through Ministry of Coal and Department of Public Enterprises. Generally, the appointment is made for a tenure of three years. The Administrative Ministry and the Department of Public Enterprises do the review before the appointment/ extension of tenure.

Whistle Blower Policy

Your Company, has an independent Vigilance Branch, headed by a Chief Vigilance Officer functioning under the overall guidance of the Central Vigilance Commission. 'Drop Boxes' have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.

* * *



Annexure-4

M/s. L.U. KRISHNAN & CO.,
Chartered Accountants,
Sam's Nathaneal Tower,
3-1 West Club Road, Shenoy Nagar,
Chennai - 600 030.

M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants,
3B, No.26, Green Haven, 3rd Main Road,
Gandhi Nagar, Adyar,
Chennai - 600 020.

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

M/s. Neyveli Lignite Corporation Limited,

1. We have examined the compliance of conditions of Corporate Governance by Neyveli Lignite Corporation Limited for the year ended 31st March 2012 as stipulated in Clause-49 of the Listing Agreement of the said Company with the Stock Exchange(s) and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises, (DPE)
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof; adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause and guideline. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the Listing Agreement and in DPE guidelines.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. L.U.KRISHNAN & CO.,**
Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy
Partner
M.No. 007595

For **M/s. SREEDHAR, SURESH & RAJAGOPALAN,**
Chartered Accountants
Firm Regn. No. 003957S

V.Suresh
Partner
M.No. 026525

Place : Chennai
Date : 28.05.2012



Annexure-5

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Neyveli Lignite Corporation Limited for the year ended 31st March, 2012.

The preparation of financial statements of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2012 in accordance with the financial reporting frame work prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28.05.2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

Place : Chennai
Date : 06.07.2012

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



M/s. L.U.KRISHNAN & CO.,
Chartered Accountants,
Sam's Nathaneal Tower,
3-1 West Club Road, Shenoy Nagar,
Chennai - 600 030.

M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants,
3B, No.26, Green Haven, 3rd Main Road,
Gandhi Nagar, Adyar,
Chennai - 600 020.

Auditors' Report

To

The Members of Neyveli Lignite Corporation Limited

We have audited the attached Balance Sheet of NEYVELI LIGNITE CORPORATION LIMITED, as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from examination of those books and proper returns adequate for the purposes of our audit have been received from Rajasthan branch not visited by us. The Branch Auditors' Report has been forwarded to us and has been appropriately dealt with.
- (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from Rajasthan branch.
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) As per the Notification No. G.S.R. 829(E) dated 21.10.2003, issued under section 620 (1) of the Companies Act 1956, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, is not applicable to Government Companies.
- (vi) As the Central Government is yet to notify Cess payable under Section 441A, the reporting requirement under Section 227(3)(g) of the Companies Act, 1956 does not arise.



(vii) Attention is invited to:

- a. note no: 24(d) & (e) to the financial statements. Final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order on power tariff, which is not ascertainable at this stage.
- b. note no: 24(f) to the financial statement regarding inclusion of Mine-II Expansion expenditure in determining the energy charges in power sale on commissioning of Thermal Power Station-II Expansion. Pending determination of revised energy charges, consequential adjustments may arise in future which is not ascertainable at this stage.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
- b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M/s. L.U.KRISHNAN & CO.,**
Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy
Partner
M.No. 007595

For **M/s. SREEDHAR, SURESH & RAJAGOPALAN,**
Chartered Accountants
Firm Regn. No. 003957S

V.Suresh
Partner
M.No. 026525

Place : Chennai



Annexure to Auditors' Report

I. Fixed Assets

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has a policy of verifying all the fixed assets once in five years. As explained to us, physical verification was carried out during the year 2010-11. **Pending reconciliation of discrepancies observed on the physical verification done during the financial year 2011-2012, a sum of ₹ 1.00 crore has been created towards possible loss.**
- (c) During the year the Company had not disposed off substantial part of fixed assets.

II. Inventories

- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification as compared to book records.

III. Transactions with persons covered by register maintained U/S 301 of the Companies Act, 1956

- (a) The Company has not granted/taken any loan to/from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) There were no transactions of purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year ₹ 5,00,000 or more.
- (c) According to the information and explanations given to us, during the year the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.

IV. Internal Control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

V. 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 section 58A, 58AA or any other provisions of the Companies Act, 1956 and the rules made there under are not applicable to the Company.

VI. Internal Audit System

In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

VII. Cost Accounting Records

The Central Government has prescribed the maintenance of records under Section 209(1) (d) of the Companies Act, 1956 in respect of Thermal Power Station Units and Mining Units. We are of the opinion that prima facie, the books of accounts prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001, have been maintained by the Company for Thermal Power Station Units and the proforma specified therein for the year are under preparation. In the case of Mining Units, the books of accounts prescribed under the Companies (Cost Accounting Records) Rules, 2011 are under preparation. We have, however, not carried out a detailed verification of such records.

VIII. Statutory Dues

- (a) The Company has generally been regular in depositing Provident Fund dues of its own employees. Based on information and explanations given to us the Company has laid down systems and procedures regarding deposit of PF dues relating to contractors' workers. The ESI Act does not apply to the Company.



- (b) Based on information and explanation given to us, no undisputed amounts payable in respect of Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Customs duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as reported below:

Name of the Statute	Nature of the dues	Demand Amount (₹ in lakh)	Amount Deposited under protest (₹ in lakh)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Finance Act, 2006	Land tax	57.53	28.76	2008-09	Tax Board, Ajmer
		173.73	63.28	2009-10	
		173.73	86.86	2010-11	
		192.92	99.96	2011-12	
Customs Act, 1962	Customs duty	2931.24	300 (by way of bank guarantee)	-	CESTAT

IX. Accumulated Losses

The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

X. Funds from Banks/Financial Institutions/Public

- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (b) The Company has not given any guarantee for loans taken by others from banks or financial institutions based on the records produced to us.
- (c) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short term basis have been used for long term investment.
- (e) According to the information and explanations given to us and the records examined by us, securities have been created in respect of bonds issued.

XI. Frauds

According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

XII. Other Matters

The nature of the Company's business/activities during the year was such that paragraphs 4 (xii), (xiii), (xiv), (xx) of Companies (Auditor's Report) Order, 2003 are not applicable.

For **M/s. L.U.KRISHNAN & CO.,**
Chartered Accountants
Firm Regn. No. 001527S

For **M/s. SREEDHAR, SURESH & RAJAGOPALAN,**
Chartered Accountants
Firm Regn. No. 003957S

R. Aghoramurthy
Partner
M.No. 007595

V.Suresh
Partner
M.No. 026525

Place : Chennai
Date : 28.05.2012



Significant Accounting Policies

I. Fixed Assets

- Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction/acquisition and necessary adjustments in the year of final settlement.
- Land for mining in Tamilnadu is acquired in accordance with and subject to the provisions of Land Acquisition Act, 1894 and Tamilnadu Acquisition of Land for Industrial Purpose Act, 1997. Capitalisation of land is done with reference to the date of taking over the physical possession of land.

II. Depreciation

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

Description of Assets covered	Basis
i. Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act, 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act, 2003.
ii. Residential Buildings - II & III Class	At rates prescribed by Department of Public Enterprises.
iii. Buildings : Non-residential Buildings Roads Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC & SWC pipes and Civil construction machinery. Furniture and Equipment used in welfare centres other than Typewriter and Duplicators.	At technically assessed rates
iv. Specialised Mining Equipment : Commissioned on or after 31.08.2007	At the rate approved under section 205 (2) (d) of the Companies Act, 1956.
v. Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

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

- Fixed assets relating to Research and Development are depreciated in a like manner as any other fixed asset of the Company.
- In the year of commissioning/retirement of assets, depreciation is calculated on pro-rata basis, based on the number of months for which asset has been put to use.
- Assets costing upto ` 5,000/- are fully depreciated in the year in which they are put to use.



5. Amortisation of Mine Development Account

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

6. Machinery Spares

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

III. Intangible Assets

a) Computer Software:

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

b) Research & Development (Internally generated projects):

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

IV. Mine Closure Expenditure

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

V. Prepaid Expenses

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

VI. Investments

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

VII. Preliminary Project Expenditure

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



VIII. Accounting for Grants

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

IX. Reserves and Surplus

Interest Differential Reserve

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

X. Employee Benefits

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

- i. Short term employee benefits such as wages, salaries, incentives, short term EL and HPL are fully provided for.
- ii. Long term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

XI. Allocation of common charges/social overhead expenses

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

XII. Prior period and Extra-ordinary Items

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

XIII. Significant events occurring after the Balance Sheet date

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

XIV. Revenue Recognition

- a. Sale of power is accounted for by following Electricity Act, 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act, 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.



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

XV. Foreign Exchange transactions

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

XVI. Accounting for taxes on income

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

XVII. Borrowing Cost

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

XVIII. Construction Projects

1. Capitalisation and Depreciation Provision

A. Specialised Mining Equipment

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

B. Power Generation Unit

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

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

**BALANCE SHEET AS AT 31ST MARCH, 2012**

(` in crore)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	1677.71	1677.71
b) Reserves and Surplus	2	10362.18	9496.82
(2) Non-Current Liabilities			
a) Long-term borrowings	3	3422.13	3292.35
b) Deferred tax liability - Net	4	614.15	579.38
c) Other Long-term liabilities	5	198.85	294.83
(3) Current Liabilities			
a) Trade payables	6	1315.06	1400.38
b) Other current liabilities	7	647.40	950.59
c) Short-term provisions	8	798.49	649.94
TOTAL		19035.97	18342.00
II. ASSETS			
(1) Non-Current Assets			
a) Fixed Assets			
(i) Tangible assets	9	7403.07	5937.19
(ii) Intangible assets	10	850.68	858.63
(iii) Capital Work-in-Progress	11	1357.63	2593.86
(iv) Intangible assets under development	12	36.50	18.58
b) Non-current investments	13	1093.85	861.55
c) Long-term loans and advances	14	121.85	158.52
d) Other Non-current assets	15	23.83	43.08
(2) Current Assets			
a) Current Investments	16	103.20	103.20
b) Inventories	17	506.19	491.71
c) Trade receivables	18	3647.03	2202.39
d) Cash and Cash equivalents	19	3329.10	4420.73
e) Short term loans and advances	20	406.80	475.08
f) Other current assets	21	156.24	177.48
TOTAL		19035.97	18342.00

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

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012** (₹ in crore)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenue from operations	24	4866.85	4295.95
II. Other income	25	748.36	571.69
III. Total Revenue (I +II)		5615.21	4867.64
IV. Expenses:			
Increase (-) / Decrease in stock	26	-2.88	-6.64
Employee benefits expense	27	1698.20	1400.79
Finance Cost	28	149.54	112.77
Depreciation and amortisation expenses	29	430.18	412.87
Other Expenses	30	1475.03	1319.76
Prior Period Adjustments(Net)	31	-2.56	3.49
		3747.51	3243.04
Less: Expenses Capitalised	32	38.04	42.93
Total expenses		3709.47	3200.11
V. Profit before exceptional and Extra-ordinary items and tax (III - IV)		1905.74	1667.53
VI. Exceptional items	33	78.15	17.02
VII. Profit before Extra-ordinary items and tax (V+VI)		1983.89	1684.55
VIII. Extra-ordinary item		0.00	0.00
IX. Profit before tax (VII+VIII)		1983.89	1684.55
X. Tax Expense:			
For current year		496.00	405.00
For previous year		41.79	-27.72
Deferred tax		34.77	8.94
		572.56	386.22
XI. Profit for the period from continuing operation (IX-X)		1411.33	1298.33
XII. Profit for the period		1411.33	1298.33
XIII. Earning Per Share			
Basic and Diluted (₹)	34	8.41	7.74

There is no discontinued operation.

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

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**

(` in crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
A.CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	1983.89	1684.55
Adjustments for :		
Less: Profit on Disposal of Asset	5.80	4.00
Interest Income	611.36	495.06
	617.16	499.06
Add: Depreciation including prior period	430.18	439.03
Advance OB removal charge off	20.73	20.73
Other non-cash charges	46.58	-186.88
Interest charged to P&L A/c	149.54	159.07
	647.03	431.95
	29.87	-67.11
Operating Profit before working capital changes	2013.76	1617.44
Adjustments for:		
Sundry Debtors	-1443.86	-590.79
Loans & Advances	18.42	-65.77
Inventories & other current assets	-14.93	12.40
Trade Payables	-130.91	-509.66
Cash flow generated from operations	442.48	463.62
Direct Taxes paid	-478.06	-289.49
	-35.58	174.13
Capital Grants utilised	1.02	-2.17
Net Cash from operating activities	-34.56	171.96
B.CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/ Preliminary expenses	-480.92	-530.92
Sale of Fixed Assets/Projects		
From continuing operations	9.39	11.13
Sale/Purchase of Investments	-232.30	80.19
Interest received	632.81	481.94
Net Cash used in investing activities	-71.02	42.34
C.CASH FLOW FROM FINANCING ACTIVITIES:		
Long-term borrowings (Net)	-184.76	-73.32
Interest paid	-352.89	-347.83
Dividend (including Dividend Tax)	-448.40	-196.05
Net Cash used in financing activities	-986.05	-617.20
Net increase,decrease(-) Cash and Cash equivalents	-1091.63	-402.90
Cash and cash equivalents as at the beginning of the year	4420.73	4823.63
Cash and cash equivalents as at the end of the year	3329.10	4420.73
Note : (-) indicates Cash outflow.		
	As at 31.03.2012	As at 31.03.2011
DETAILS OF CASH AND CASH EQUIVALENTS:		
Cash in hand	0.17	0.03
Cash at bank in current account	26.54	20.31
Cash at bank in deposit account	3302.39	4400.39
Total	3329.10	4420.73

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)			
1	Share Capital	As at 31.03.2012	As at 31.03.2011		
a.	Authorised 2,00,00,00,000 Equity Shares of ` 10/- each	2000.00	2000.00		
b.	Issued, Subscribed and Paid-up 1,67,77,09,600 Equity Shares of ` 10/- each fully paid-up	1677.71	1677.71		
c.	1,56,96,39,900 Equity Shares being 93.56% held by the President of India				
2	Reserves and Surplus	As at 01.04.2011	Additions	Withdrawal	As at 31.03.2012
a.	Capital Reserve (capital grants)				
i.	USTDA Grant	1.51	0.00	0.00	1.51
ii.	Fly Ash Housing Grant	0.02	0.00	0.00	0.02
iii.	Plant Renovation Grant	0.14	0.00	0.00	0.14
iv.	Safety Investigation System	0.70	0.00	0.00	0.70
b.	Profit and Loss Account	8489.01	1427.58	740.30	9176.29
c.	KfW Interest Differential Reserve	233.44	34.33	16.25	251.52
d.	General Reserve	727.00	145.00	0.00	872.00
e.	Bond redemption Reserve	45.00	15.00	0.00	60.00
	Total	<u>9496.82</u>	<u>1621.91</u>	<u>756.55</u>	<u>10362.18</u>
3	Long-term Borrowings	As at 31.03.2012	As at 31.03.2011		
a.	Secured				
(i)	Neyveli Bonds - 2009	600.00	600.00		
(ii)	Term Loans from Banks				
	Canara Bank Consortium Loan	2182.50	2172.50		
	State Bank of India Loan	100.00	0.00		
b.	Unsecured				
	Foreign Currency loan from KfW-Germany ##				
	10.30 Million Euro (10.74 Million Euro) - I	70.42	67.94		
	68.66 Million Euro (71.46 Million Euro) - II	469.21	451.91		
	Total	<u>3422.13</u>	<u>3292.35</u>		
	## Guaranteed by the Government of India.				



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
c.	Neyveli Bonds 6000, 8.83% 10 Years, Secured, Redeemable, Taxable, Non-convertible Bonds in the nature of Debentures of ` 10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine-II Expansion Project, TPS-II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23.01.2019 (without Put or Call Option).		
d.	The Rupee Term Loan of ` 3750 crore from Canara Bank consortium is secured by paripassu charge on project fixed assets financed and repayable in twenty equal bi-annual instalment commenced from 23.02.2010.		
e.	The Rupee Term Loan of ` 2500 crore from State Bank of India is secured by paripassu charge on project fixed assets financed. The repayment would be made in 42 equated quarterly installments, starting from 30 th September, 2016.		
f.	Bi-annual equal repayment (0.44 Million Euro) of Foreign Currency loan-I from KfW Germany, commenced from 30.12.2001.		
g.	Bi-annual equal repayment (2.80 Million Euro) of Foreign Currency loan-II from KfW Germany, commenced from 30.06.2002.		
4	Deferred Tax Liability - Net	As at 31.03.2012	As at 31.03.2011
a.	Deferred tax liability: Related to depreciation	825.72	611.95
b.	Deferred tax asset: Provisions, etc.	211.57	32.57
	Deferred tax liability (Net)	<u>614.15</u>	<u>579.38</u>
5	Other Long-term Liabilities	As at 31.03.2012	As at 31.03.2011
	Capital purchase, Capital Work-in-Progress and other liabilities	198.85	294.83
6	Trade Payables	As at 31.03.2012	As at 31.03.2011
a.	Sundry Creditors and accrued expenses	1069.91	1103.33
b.	Mine Closure	0.00	108.94
c.	Capital works and purchases	245.15	188.11
	Total	<u>1315.06</u>	<u>1400.38</u>
d.	Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year ` 7.33 crore (previous year ` 2.74 crore).		
e.	Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act ` 0.33 crore.		
f.	Liability for Mine closure had been discharged by depositing the amount of ` 127.81 crore in the Escrow account as per the guidelines issued by the Ministry of Coal.		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
7	Other Current Liabilities	As at 31.03.2012	As at 31.03.2011
a.	Current maturities of long term debt		
	(i) Loan from Banks - Canara Bank Consortium	375.00	375.00
	(ii) Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore 50 Million Euro	0.00	316.20
	(iii) Foreign Currency loan from KfW -3.24 Million Euro	22.15	20.49
b.	Interest accrued but not due on borrowing		
	(i) Neyveli Bonds	9.99	9.87
	(ii) Credit Agricole Corporate & Investment Bank	0.00	1.17
	(iii) KfW	1.05	1.01
c.	Unclaimed Dividend	0.93	0.86
d.	Unutilised Revenue Grant	4.78	3.94
e.	Staff Security Deposit	0.01	0.01
f.	Other Liabilities	233.49	222.04
	Total	647.40	950.59
	Other liabilities includes LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits etc.		
8	Short-term Provisions	As at 31.03.2012	As at 31.03.2011
a.	Accrued earned leave	120.68	96.06
b.	Half pay leave	54.36	30.35
c.	Short-term benefit of earned leave	10.69	4.36
d.	Short-term benefit of half pay leave	4.21	2.57
e.	Post retirement medical benefit	14.98	12.45
f.	Provision for loss on assets	1.00	0.86
g.	Proposed Dividend	469.76	385.87
h.	Proposed dividend tax	76.21	62.60
i.	Contingencies	46.60	54.82
	Total	798.49	649.94
j.	Actuarial valuation liability in respect of long term employee benefits for EL and HPL is yet to be		



Notes to the Financial Statements

SI. No.	Particulars										(` in crore)	
9	Tangible Assets											
		Description	Gross Cost				Depreciation				Net Value	
			As at 31.03.2011	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2012	As at 31.03.2011	Withdrawals Trans./Adj.	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	a	Land ***	417.78	2.81	0.00	420.59	0.00	0.00	0.00	0.00	420.59	417.78
	b	Roads	45.01	11.12	0.00	56.13	11.52	0.00	1.34	12.86	43.27	33.49
	c	Buildings ++	279.92	47.40	0.09	327.23	114.07	0.34	6.42	120.14	207.09	165.85
	d	Elec. Installations	314.39	121.05	4.71	430.73	128.29	4.42	12.59	136.46	294.27	186.10
	e	Water Supply & Drainage	135.74	5.71	0.13	141.32	64.96	0.13	9.59	74.42	66.90	70.78
	f	Plant & Machinery*	11342.44	1668.49	58.15	12952.78	6338.55	54.15	363.20	6647.60	6305.18	5003.89
	g	Furniture & Equipment	61.98	5.28	0.61	66.65	39.72	0.56	3.23	42.39	24.26	22.26
	h	Vehicles	83.64	11.62	4.20	91.06	46.60	3.99	6.93	49.54	41.51	37.04
i	Assets costing `5000 and below	5.73	0.21	0.00	5.94	5.73	0.00	0.21	5.94	0.00	0.00	
	Total	12686.63	1873.69	67.89	14492.43#	6749.44	63.59	403.51	7089.35	7403.07	5937.19	
	Previous Year	10781.39	1987.39	82.15	12686.63	6414.79	75.22	409.86	6749.43	5937.19		
	* Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects and insurance spares. ++ Includes leasehold buildings of value `2.10 crore for which lease agreement is yet to be signed. Normal depreciation rate adopted in view of lower amortisation rate # Includes Assets non-commissioned amounting to `1535.18 crore (Previous year `1726.57 crore) of which `1517.89 crore pertains to Thermal Power Station-II Expansion, which is under test and trial run, hence no depreciation is charged. *** Pending High Court decision, the additional land compensation of `0.89 crore (Previous year `0.58 crore) deposited with Court has not been capitalised. There is no impairment loss identified for the assets.											
10	Intangible Assets											
		Description	Gross Cost				Depreciation				Net Value	
			As at 31.03.2011	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2012	As at 31.03.2011	Withdrawals Trans./Adj.	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	a	Software	9.19	0.07	0.00	9.26	6.03	0.00	1.15	7.18	2.08	3.16
	b	Mine Development										
		Mine-I	464.33	0.00	0.00	464.33	194.87	0.00	11.07@	205.94	258.39	269.46
		Mine-IA	121.71	5.78	0.00	127.49	24.03	0.00	2.88@	26.91	100.58	97.68
		Mine-II	451.42	15.60	0.00	467.02	85.22	0.00	12.98@	98.20	368.82	366.20
		Barsingsar Mine	123.14	0.73	0.00	123.87	1.01	0.00	2.05	3.06	120.81	122.13
		Total	1169.79	22.18	0.00	1191.97	311.16	0.00	30.13	341.29	850.68	858.63
		Previous Year	1151.06	18.74	0.00	1169.80	278.83	0.00	32.30	311.13	858.63	
	@ Represents provisions for amortisation There is no impairment loss identified for the assets											



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
11	Capital Work-in-Progress	As at 31.03.2012	As at 31.03.2011
a.	Plan Expenditure		
	i) TPS-II Expansion		
	Supply and Erection	747.82	1905.98
	Capital Goods in Stock	2.80	2.82
	Expenditure during Construction	104.84	95.09
	Interest during Construction	215.94	<u>337.07</u>
		1071.40	2340.96
	ii) Barsingsar Mines and Thermal		
	Supply and Erection	4.28	15.16
	Capital Goods in Stock	0.03	<u>0.03</u>
		4.31	15.19
	iii) Mine-II Expansion		
	Supply and Erection	73.78	76.72
	Capital Goods in Stock	22.06	<u>36.58</u>
		95.84	113.30
	iv) Neyveli New Thermal Plant		
	Consultancy and others	14.60	0.00
b.	Non-Plan Expenditure	171.48	<u>124.41</u>
	Total	1357.63	<u>2593.86</u>
12	Intangible Assets under Development	As at 31.03.2012	As at 31.03.2011
a.	Preliminary Project Expenditure	67.72	53.46
	Less: provisions	31.22	<u>34.88</u>
		36.50	<u>18.58</u>
13	Non-current Investments (Unquoted)	As at 31.03.2012	As at 31.03.2011
a.	8.5% tax free SLR Power Bonds issued by State Governments.	309.58	412.78
b.	In Equity Shares-unquoted, fully paid-up 44,50,00,000 shares of ` 10/- each of NLC Tamilnadu Power Ltd.-Subsidiary Company	445.00	445.00
c.	Pending allotment of 32,65,00,000 Equity Shares of ` 10/- each in NLC Tamilnadu Power Limited - Subsidiary Company	326.50	0.00
d.	In Equity Shares-unquoted, fully paid-up 1,27,65,000 shares of ` 10/- each of MNH Shakti Ltd., - Joint venture	12.77	<u>3.77</u>
	Total	1093.85	<u>861.55</u>
14	Long-term Loans and Advances	As at 31.03.2012	As at 31.03.2011
a.	Loans and Advances-Staff (Secured)	65.83	76.20
b.	Capital Advances (Unsecured - considered good)	56.02	<u>82.32</u>
	Total	121.85	<u>158.52</u>



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
15	Other Non-current Assets	As at 31.03.2012	As at 31.03.2011
	Unsecured considered good	23.83	43.08
16	Current Investments	As at 31.03.2012	As at 31.03.2011
	8.5% tax free SLR Power Bonds issued by State Governments (Unquoted)	103.20	103.20
17	Inventories	As at 31.03.2012	As at 31.03.2011
	(As certified by the Management)		
a.	Raw Materials	57.43	54.55
b.	Stores and Spares	428.89	408.73
c.	Goods-in-transit	27.91	35.81
		456.80	444.54
	Less: Provision	9.55	9.10
d.	Solid/Hollow/Fly Ash Bricks	1.51	1.72
	Total	506.19	491.71
e.	Inventory valuation - Value of Inventory at the lower of cost and net realisable value.		
	(i) Lignite - At absorption cost excluding share of common charges and social overhead.		
	(ii) Stores & Spares procured - At weighted average acquisition cost.		
	(iii) Fly ash bricks - At absorption cost.		
	(iv) Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
f.	Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.		
18	Trade Receivables	As at 31.03.2012	As at 31.03.2011
	Unsecured		
	Considered Good		
	More than six months	1068.74	701.23
	Others	2578.29	1501.16
	Considered Doubtful	2.09	2.87
		3649.12	2205.26
	Less: Provision for Doubtful Debts	2.09	2.87
	Total	3647.03	2202.39
19	Cash and Cash Equivalents	As at 31.03.2012	As at 31.03.2011
a.	Balances with Scheduled Banks in Current A/c	25.61	19.45
b.	Cash on hand	0.17	0.03
c.	Unpaid Dividend A/c	0.93	0.86
d.	Fixed Deposits		
	(i) Short-term Deposit	3275.20	4373.21
	(ii) Staff Security Deposit	0.01	0.01
	(iii) Endowment fund in the name of NLC Schools	0.18	0.17
	(iv) Short-term Deposits for lien for guarantee	27.00	27.00
	Total	3329.10	4420.73



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
20	Short-term Loans and Advances	As at 31.03.2012	As at 31.03.2011
	(Recoverable in cash or in kind or for value to be received)		
a.	Unsecured		
	(i) Considered good	135.78	125.96
	(ii) Considered doubtful	2.14	3.12
		<u>137.92</u>	<u>129.08</u>
	Less: Provision for doubtful advances	2.14	3.12
		<u>135.78</u>	<u>125.96</u>
b.	Prepaid expenses	4.33	3.39
c.	Advance Overburden removal expenditure	13.82	34.55
d.	Asset not in the Books of Accounts (Net off charge)	1.40	0.00
e.	Advance Income tax	1323.82	1244.23
	Less : Provision for taxation	1072.41	933.09
f.	Deposit with Central Excise, Port Trust and Customs authorities	0.06	0.04
	Total	406.80	475.08
g.	(i) Due by officers	-	-
	(ii) Maximum amount due at any time during the year	-	-
h.	(i) Due by Directors	-	-
	(ii) Maximum amount due at any time during the year	-	-
i.	(I) Due from Subsidiary Company	1.49	4.39
	(ii) Maximum amount due at any time during the year	1.65	4.39
21	Other Current Assets	As at 31.03.2012	As at 31.03.2011
a.	Interest accrued	155.75	177.20
b.	Disposable/Dismantled assets, Spares	0.85	2.23
	Less: Provision for impairment of assets	0.36	1.95
	Total	156.24	177.48
22	Contingencies and Commitments	As at 31.03.2012	As at 31.03.2011
a.	Contingent Liability exists in respect of:		
	(i) Guarantees issued by Company	3.38	0.01
b.	Claims against the Corporation not acknowledged as debts:		
	(i) From employees/others	0.22	0.23
	(ii) From suppliers/contractors	1721.04	1545.05
	(iii) Statutory authorities	19.34	16.02
	(iv) Disputed amount of Income tax	280.97	82.92
c.	(i) Estimated value of contracts remaining to be executed on capital accounts not provided for	523.93	600.35
	(ii) Commitment for the acquisition of lands	40.89	90.51
d.	Value of Securities other than cash not considered in accounts	0.75	1.22



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
23	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of Sundry Debtors, Advances and amounts due to Creditors are subject to confirmation.		
24	Revenue from Operations	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Power	4476.23	3996.44
b.	Lignite	462.88	345.40
c.	Miscellaneous	13.75	2.17
		<u>4952.86</u>	<u>4344.01</u>
	Less: Excise Duty	4.62	0.48
		<u>4948.24</u>	<u>4343.53</u>
	Less: Transfer to Capital Expenditure Accounts	81.39	47.58
		<u>4866.85</u>	<u>4295.95</u>
d.	Pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry of Coal Guidelines on the lignite transfer price for energy charges and other relevant parameters for capacity charges in respect of Barsingsar Thermal Power Station in accordance with the accounting policy.		
e.	Revision in capacity charges of power tariff and transfer price of lignite (in accordance with Ministry of Coal (MOC) Guidelines) for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission (CERC).		
f.	Mine-II Expansion expenditure in determining the transfer price of lignite for energy charges in respect of sale of power will be considered on filing of tariff petition with CERC for TPS-II Expansion.		
25	Other Income	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Interest		
	(i) Bank Deposit	392.22	338.24
	(ii) Employees	14.68	8.37
	(iii) Long-term investments	41.67	50.44
	(iv) Others	162.79	81.80
b.	Recoveries		
	(i) Rent	7.90	8.42
	(ii) Others	0.48	0.48
c.	Handling charges recovered	0.12	9.35
d.	Profit on Sale of assets	5.80	4.00
e.	Provision written back	23.46	4.36
f.	Miscellaneous	108.51	74.19
		<u>757.63</u>	<u>579.65</u>
	Less: Transfer to Capital Expenditure Accounts	9.27	7.96
		<u>748.36</u>	<u>571.69</u>
g.	Surcharges recoverable from Electricity Boards on the belated settlement of the power bill, amounting to ` 64.66 crore (previous year ` 9.66 crore) has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
26	Increase(-)/decrease in Stock	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	OPENING STOCK		
	Raw Material		
	Lignite	54.55	49.40
	Less: Transfer to capital account	0.00	1.49
		<u>54.55</u>	<u>47.91</u>
b.	CLOSING STOCK		
	Raw Material		
	Lignite	57.43	54.55
		<u>57.43</u>	<u>54.55</u>
	Increase (-) /Decrease in Stock	-2.88	-6.64
27	Employee Benefits Expense	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Salaries, Wages and Incentives	1415.26	1172.00
b.	Contribution to Provident and other funds	220.60	195.72
c.	Gratuity	58.20	27.63
d.	Welfare expenses	76.20	68.10
		<u>1770.26</u>	<u>1463.45</u>
	Less: Transfer to Capital Expenditure Accounts	72.06	62.66
		<u>1698.20</u>	<u>1400.79</u>
e.	Disclosure under Accounting Standard-15 on Employee benefits:		
	1. Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	(i) The actuarial gain or losses will be recognised in the year of occurrence.		
	(ii) The LIC Group Gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year end.		
	(iii) The amounts recognised in the balance sheet are as follows:		
	Present value of funded obligations	676.91	603.98
	Fair value of Plan assets	676.91	603.98
	Unrecognised past service cost	0.00	0.00
	Net liability in the Balance Sheet	0.00	0.00
	(iv) The amounts recognised in the Statement of Profit and Loss are as follows:		
	Current service cost	18.14	4.16
	Interest on obligation	48.32	33.03
	Expected return on plan assets	-55.99	-44.62
	Net actuarial losses (gains) recognised in the year	34.34	176.54
	Total included in Employee benefit expense	44.80	169.11
	Actual return on plan assets	55.98	44.63



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	(v) Changes in the present value of the defined benefit obligation		
	Opening defined benefit obligation	603.99	412.87
	Service cost	18.14	4.16
	Interest cost	48.32	33.03
	Actuarial losses (gains)	34.34	177.44
	Benefits paid	-27.88	-23.51
	Closing defined benefit obligation	676.91	603.99
	(vi) Changes in the fair value of plan assets		
	Opening fair value of plan assets	603.99	414.20
	Expected return	55.99	44.62
	Actuarial gains and (losses)	0.00	0.90
	Contributions by employer	44.80	167.78
	Benefits paid	-27.88	-23.51
	Closing fair value of plan assets	676.91	603.99
	(vii) Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discounted rate per annum	8.00	8.00
	Expected return per annum on plan assets	8.00	8.00
	Salary escalation per annum	5.00	5.00
	Retirement age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	1-3%
	2. Disclosure in respect of Defined Contribution Plan in respect of Post Retirement Medical Benefit Scheme:		
	(i) Amount recognised in the Profit and Loss account as premium paid to the Insurance Company	6.73	10.62
	(ii) Liability provided for the fixed Medical Assistance	9.90	6.25
28	Finance Cost	For the year ended 31.03.2012	For the year ended 31.03.2011
	a. Interest Expenses		
	Fixed loans		
	Unsecured loans - KfW - Foreign currency loan	4.29	3.85
	Unsecured loans - Credit Agricole Corporate & Investment Bank - Foreign currency loan	7.47	6.35
	Secured loans-NLC Bonds	53.10	52.98
	Loan from Banks	<u>261.22</u>	<u>231.48</u>
	Carried forward	326.08	294.66



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	Brought forward	326.08	294.66
	Others	14.87	0.64
	Guarantee fees KfW loan	6.48	6.44
	Exchange rate variation	4.45	19.67
		<u>351.88</u>	<u>321.41</u>
	Less: Transfer to Capital Expenditure Accounts	202.34	208.64
		<u>149.54</u>	<u>112.77</u>
	b. Borrowing Cost Capitalised during the year		
	(i) Interest and commitment charges	197.89	188.97
	(ii) Exchange rate difference arising from foreign currency loan	4.45	19.67
29	Depreciation and Amortisation Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
	a. Fixed Assets	404.66	385.97
	b. Mine Development and other amortisations	28.98	30.05
		<u>433.64</u>	<u>416.02</u>
	Less: Transfer to Capital Expenditure Accounts	3.28	3.05
	Transfer from Capital Grants	0.18	0.10
		<u>430.18</u>	<u>412.87</u>
30	Other Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
	Consumption of stores and spares	502.04	447.93
	Fuel	96.15	85.16
	Mine closure	18.87	17.97
	Advance Overburden removal charge off	20.73	20.73
	Excise duty	28.98	3.14
	Rent	0.48	0.38
	Rates and taxes		
	Electricity tax	1.28	1.22
	Clean energy cess	122.36	85.22
	Others	2.44	3.53
	Wealth tax	0.26	0.31
	Repairs and Maintenance		
	Plant and Machinery	112.30	90.61
	Buildings	8.70	13.87
	Others	178.66	131.55
	Carried forward	<u>1093.25</u>	<u>901.62</u>



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	Brought forward	1093.25	901.62
	Overburden removal expenditure	44.85	52.63
	Insurance	4.82	3.45
	Payments to auditors		
	Audit fees	0.15	0.12
	Tax audit fees	0.08	0.06
	Other certification fees	0.08	0.05
	Reimbursement of expenses	0.03	0.02
	Traveling expenses	12.73	12.58
	Training expenses	2.92	2.34
	Family welfare expenses	3.02	2.17
	Selling expenses - Discounts	36.24	54.87
	Afforestation expenses	12.23	9.57
	Royalty	177.44	160.92
	Central Industrial Security Force expenses	66.20	50.70
	Corporate Social Responsibility expenses	14.09	13.24
	Miscellaneous expenses	63.49	52.58
	Loss on disposal of assets	2.03	0.00
	Fixed assets written off	0.06	0.00
	Provision for impairment of fixed assets	0.35	0.00
	Provision for contingencies	10.02	10.00
	Provision for stores & materials	2.93	2.67
	Provision for doubtful debts/advances	0.06	0.33
	Provision for loss on assets	0.14	0.00
	Provision for preliminary expenses	0.44	30.66
		<u>1547.65</u>	<u>1360.58</u>
	Less: Transfer to Capital Expenditure Accounts	71.45	38.93
	Transfer from Grant	1.17	1.89
		<u>1475.03</u>	<u>1319.76</u>
31	Prior Period Adjustments (Net)	For the year ended 31.03.2012	For the year ended 31.03.2011
	a. Sales	0.00	-21.49
	b. Depreciation	0.00	26.16
	c. Consumption of Stores and Spares	0.00	-1.18
	d. CSR expenses	-2.56	0.00
		<u>-2.56</u>	<u>3.49</u>
	(-) Indicates Credit		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
32	Expenses Capitalised	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Lignite Consumption during construction	22.30	29.54
b.	Power Consumption during construction	0.00	2.27
c.	Service charges	9.30	4.61
d.	Land Acquisition expenses	6.44	6.51
		<u>38.04</u>	<u>42.93</u>
33	Exceptional Items	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Power sales	-63.46	-340.72
b.	Mine closure expenditure liability reversal	0.00	400.42
c.	Lignite sales	57.23	-6.15
d.	Interest - Income	161.21	16.21
e.	Employee benefits expense	-76.83	0.00
f.	Interest - Expenses	0.00	-52.74
		<u>78.15</u>	<u>17.02</u>
g.	Power tariff has been finalised by CERC for Thermal Power Station-I & II for the period from 01.04.2009 during the year. Consequently there is a reduction in the power sale which had been provisionally reckoned in the earlier years.		
h.	Claim for the Income-Tax reimbursement for the period from 2005-06 to 2008-09 has been accepted by the beneficiaries in respect of lignite supplied to them. Hence the same has been reckoned as income during the year.		
i.	Consequent to receipt of finalised power tariff for Thermal Power Station-I & II and on acceptance of Income Tax reimbursement claim, income in respect of interest for the difference between the provisional billing and finalised power tariff and on earlier year Income Tax reimbursement claim has been reckoned.		
j.	Additional provision has been made in respect of employee superannuation benefit for the period from 01.01.2007 to 31.03.2011.		
k.	During the year ended 31 st March, 2011, the Ministry of Coal approved Mine Closure Plans effective from 01.04.2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of ` 400.42 crore, power sales has been reduced by ` 340.72 crore and lignite sales has been reduced by ` 6.15 crore being adjustment relating to earlier years and consequent interest payable to the beneficiaries has been reckoned at ` 52.74 crore. Interest income on receipt of finalised power tariff for TPS-I Expansion amounting to ` 16.21 crore also considered.		
34	Earning Per Share	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Profit after tax	1411.33	1298.33
b.	Number of Shares	1677709600	1677709600
c.	Face Value of Share (`)	10.00	10.00
d.	Earning Per Share - Basic and Diluted (`)	8.41	7.74



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)			
35	The effect of Foreign Exchange Fluctuation	For the year ended 31.03.2012	For the year ended 31.03.2011		
a.	The amount of exchange rate difference debited/ (credited) to the Profit & Loss Account	1.02	1.34		
b.	The amount of exchange rate difference adjusted and debited /(credited) to the carrying amount of fixed assets & WIP	55.27	24.37		
36	Expenditure Incurred on Research & Development	For the year ended 31.03.2012	For the year ended 31.03.2011		
a.	Capital expenditure	0.75	1.29		
b.	Revenue expenditure	9.86	9.27		
37	Profit Appropriation	For the year ended 31.03.2012	For the year ended 31.03.2011		
a.	Surplus brought forward from previous year	8489.01	7799.40		
b.	Profit after tax	1411.33	1298.33		
c.	Transfer to/from Interest Differential Reserve	-18.08	-15.25		
d.	Transfer to Bond Redemption Reserve	-15.00	-15.00		
e.	Transfer to General Reserve	-145.00	-130.00		
f.	Proposed dividend	-469.76	-385.87		
g.	Tax on proposed dividend	-76.21	-62.60		
	Surplus carried to Balance Sheet	<u>9176.29</u>	<u>8489.01</u>		
38	Details of Contingency Provisions	As at 01.04.2011	Additions	Withdrawal	As at 31.03.2012
a.	Interest on disputed tax deducted at source	16.58	0.02	0.00	16.60
b.	Provision for Barsingsar Mine Development expenditure incurred in earlier year	18.24	0.00	18.24	0.00
c.	Provision for arbitration	20.00	10.00	0.00	30.00
	Total	<u>54.82</u>	<u>10.02</u>	<u>18.24</u>	<u>46.60</u>
39	Consumption of Raw Material and Spare Parts	For the year ended 31.03.2012	For the year ended 31.03.2011		
	Value of Indigenous and Imported Spares consumed				
	INDIGENOUS				
	Spare parts	293.22			325.10
	Percentage	87.47			99.81
	IMPORTED				
	Spare parts	41.99			0.63
	Percentage	12.53			0.19



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
40	Remuneration to Directors	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Salaries	0.87	0.71
b.	Contribution to Provident and other funds	0.10	0.09
c.	Cost of benefits	1.19	1.14
d.	Sitting fees paid to Independent Directors	0.16	0.05
41	C.I.F. Value of Imports	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Capital Goods	6.56	39.84
b.	Components and spares	23.01	28.72
42	Expenditure in Foreign Currency	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Traveling expenses	0.14	0.01
b.	Professional and Consultancy	4.07	0.38
c.	Interest charges	11.76	10.09
43	Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below:		
	(i) List of related parties: (a) Key Management Personnel:		
	Chairman-cum-Managing Director		
	Shri A.R. Ansari		
	Directors		
	Shri. Alok Perti		
	Smt. Zohra Chatterji		
	Shri. Rajeev Ranjan		
	Shri N.Sundaradevan		
	Shri.R.K.Mahajan		
	Shri. B.Surender Mohan		
	Shri. R.Kandasamy		
	Shri. K.Sekar		
	Shri. J.Mahilselvan		
	Shri. Sarat Kumar Acharya		
	(ii) Transactions during the year with related parties:		
	Remuneration to Functional Directors listed in (a) above: ` 1.92 crore		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
44	Disclosure in respect of the interests in Joint Venture as per Accounting Standard -27 is furnished as under:		
a.	Company Name : M/s. MNH Shakti Limited		
b.	Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Odisha.		
		For the year ended 31.03.2012	For the year ended 31.03.2011
c.	Joint Venture/Interest :		
	(i) M/s. Mahanadi Coalfields Limited	70%	70%
	(ii) M/s. Neyveli Lignite Corporation Limited	15%	15%
	(iii) M/s. Hindalco Industries Limited	15%	15%
d.	Share of interest in the Joint Venture:		
	(i) Non Current Assets	6.77	5.29
	(ii) Current Assets	6.25	3.01
	(iii) Current Liability	0.33	3.98
	(iv) Reserves & Surplus	-0.08	-0.08
	(v) Income	Nil	Nil
	(vi) Expenditure	Nil	Nil



Notes to the Financial Statements

Sl. No.	Particulars								(` in crore)	
	46	Segmentwise Result for the year 2011-12								
		Lignite Mining		Power Generation		Inter-segment adjustment		Total		
	For the year ended		For the year ended		For the year ended		For the year ended			
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011		
	REVENUE									
	External Sales	458.26	345.66	4408.59	3950.29			4866.85	4295.95	
	Inter-segment sales	3238.35	2535.33	288.66	190.52	3527.01	2725.85			
	Total Revenue	3696.61	2880.99	4697.25	4140.81	3527.01	2725.85	4866.85	4295.95	
	RESULT									
	Segment Result	960.85	920.65	559.36	462.84			1520.21	1383.49	
	Other Income							113.54	88.48	
	Unallocated corporate expenses.							192.39	167.03	
	Operating Profit							1441.36	1304.94	
	Interest expense							149.54	112.77	
	Interest Income							611.36	478.85	
	Exceptional Items							78.15	17.02	
	Income taxes							572.56	386.22	
	Profit from Ordinary activities							1408.77	1301.82	
	Prior period / Income / Expenditure (Net)							2.56	-3.49	
	Net Profit							1411.33	1298.33	
	OTHER INFORMATION		As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Segment Assets	4429.04	4380.20	6958.08	3823.82			11387.12	8204.02	
	Unallocated Corporate assets (Including Capital Work-in Progress)							7648.85	10137.98	
	Total Assets							19035.97	18342.00	
	Segment liabilities	821.76	909.69	640.37	493.36			1462.13	1403.05	
	Unallocated Corporate liabilities							5533.95	5764.42	
	Total liabilities							6996.08	7167.47	
	Capital expenditure	105.15	189.67	134.89	46.57			240.04	236.24	
	Depreciation	267.78	293.65	148.80	102.97			416.58	396.62	
	Non-cash expenses other than depreciation	0.36	1.86	0.09	0.67			0.45	2.53	
	Note: 1. Since the business operation is within India the secondary disclosure does not arise. 2. The inter-segment transfers are priced on cost plus profit basis. 3. Allocation of <ul style="list-style-type: none"> i) Storage charges on the basis of material drawal, ii) Common charges and social overhead on the basis of salaries & wages, iii) Sales Orgn. expenses on the basis of actual sales and iv) Service Centres Assets & Liabilities are apportioned among the segments on the basis of the service rendered. 									

**Statement pursuant to Section 212 of the Companies Act, 1956**

Name of the Subsidiary Company	Financial year ending of the subsidiary Company	Number of equity shares held	Extent of holding	For the financial year of the subsidiary		For the previous financial year since it became a subsidiary	
				Profit/(loss) so far it concerns the members of the holding Company and not dealt with in the books of account of the holding Company (except to the extent dealt with in Col.6).	Profit/(loss) so far it concerns the members of the holding Company and dealt with in the books of account of the holding Company.	Profit/(loss) so far it concerns the members of the holding Company and not dealt with in the books of account of the holding Company (except to the extent dealt with in Col.8).	Profit/(loss) so far it concerns the members of the holding Company and dealt with in the books of account of the holding Company.
(1)	(2)	(3)	(4)	(5) in crore	(6) in crore	(7) in crore	(8) in crore
NLC Tamilnadu Power Limited	31.03.2012	445000000	89%	Nil	Nil	(0.04)	Nil

Information of Subsidiary Company**Name of the Subsidiary Company :****NLC TAMILNADU POWER LIMITED****(in crore)**

Sl. No.	Description	2011-12	2010-11
(a)	1. Capital	500.00	500.00
	2. Share application Money pending for allotment	341.50	-
(b)	Reserves	-0.04	-0.04
(c)	Total assets	3,271.22	1,862.46
(d)	Total liabilities	2,429.76	1,362.50
(e)	Details of investment	Nil	Nil
(f)	Turnover	Nil	Nil
(g)	Profit/(loss) before taxation	Nil	-0.04
(h)	Provision for taxation	Nil	Nil
(i)	Profit/(loss) after taxation	Nil	-0.04
(j)	Proposed dividend	Nil	Nil

In terms of Circular No.51 /12/2007 - CL -III dated 8th February 2011, notified by the Ministry of Corporate Affairs, the annual accounts and the related detailed information of NLC Tamilnadu Power Limited (Subsidiary Company) for the year 2011-12 is available for inspection for the shareholders at the head office of the Company and also of the Subsidiary Company and shareholders desirous of obtaining a copy of the Annual Report of the Subsidiary Company for the year 2011-12, containing the annual accounts and other documents, may send their request addressed to the Company Secretary and the same will be forwarded to their registered address.



M/s. L.U.KRISHNAN & CO.,
Chartered Accountants,
Sam's Nathaneal Tower,
3-1 West Club Road, Shenoy Nagar,
Chennai - 600 030.

M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants,
3B, No.26, Green Haven, 3rd Main Road,
Gandhi Nagar, Adyar,
Chennai - 600 020.

Auditors' Report on Consolidated Statements to the Board of Directors of Neyveli Lignite Corporation Limited

1. We have audited the attached Consolidated Balance Sheet of NEYVELI LIGNITE CORPORATION LIMITED, ("the Company") and its subsidiary and joint venture (collectively referred to as "Group"), as at 31st March, 2012, and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "the Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary and joint venture, whose financial statements reflect total assets of ` 3284.24 crore as at 31st March 2012, total revenues of ` Nil and total cash flows amounting to ` 35.11 crore for the year ended on that date as considered in the consolidated financial statements. The financial statements of subsidiary and joint venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint ventures are based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Ventures as notified under Companies (Accounting Standard) Rules, 2006.
5. Attention is invited to:
 - a. note no: 24(d) & (e) to the financial statements. Final adjustment will be in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order on power tariff which is not ascertainable at this stage.
 - b. note no: 24(f) to the financial statement regarding inclusion of Mine-II Expansion expenditure in determining the energy charges in power sale on commissioning of Thermal Power Station-II Expansion. Pending determination of revised energy charges, consequential adjustments may arise in future which is not ascertainable at this stage.



In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
- b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M/s. L.U.KRISHNAN & CO.,**
Chartered Accountants
Firm Regn.No.: 001527S

R. Aghoramurthy
Partner
M.No. 007595

For **M/s. SREEDHAR, SURESH & RAJAGOPALAN,**
Chartered Accountants
Firm Regn. No. 003957S

V.Suresh
Partner
M.No. 026525

Place : Chennai

Date : 28.05.2012



Significant Accounting Policies

Principles of consolidation

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

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

The financial statements of the jointly controlled entity are proportionately consolidated. The share of Interest in each item of Balance Sheet and Profit and Loss account is separately shown.

I. Fixed Assets

1. Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction/acquisition and necessary adjustments in the year of final settlement.
2. Land for mining in Tamilnadu is acquired in accordance with and subject to the provisions of Land Acquisition Act, 1894 and Tamilnadu Acquisition of Land for Industrial Purpose Act, 1997. Capitalisation of land is done with reference to the date of taking over the physical possession of land.

II. Depreciation

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

Description of Assets covered	Basis
i. Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act, 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act, 2003.
ii. Residential Buildings - II & III Class	At rates prescribed by Department of Public Enterprises.
iii. Buildings : Non-residential Buildings Roads Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC & SWC pipes and Civil construction machinery. Furniture and Equipment used in welfare centres other than Typewriter and	At technically assessed rates
iv. Specialised Mining Equipment : Commissioned on or after 31.08.2007	At the rate approved under Section 205 (2) (d) of the Companies Act, 1956.
v. Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

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



2. Fixed assets relating to Research and Development are depreciated in a like manner as any other fixed asset of the Company.
3. In the year of commissioning/retirement of assets, depreciation is calculated on pro-rata basis, based on the number of months for which asset has been put to use.
4. Assets costing up to ` 5000/- are fully depreciated in the year in which they are put to use.
5. Amortisation of Mine Development Account

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

6. Machinery Spares

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

III. Intangible Assets

- a) Computer Software:

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

- b) Computer Application Software acquired for an amount of less than ` 10 lakh are fully depreciated in the year in which it has been acquired.

- c) Research & Development (Internally generated projects):

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

IV. Mine Closure Expenditure

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

V. Prepaid Expenses

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

VI. Investments

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

VII. Preliminary Project Expenditure

Preliminary project expenditure includes expenditure on feasibility studies, documentation of data, other development expenditure, expenditure on exploratory works, technical know-how etc., to be added to the



capital cost of the project, as and when implemented. In case such projects are identified for transfer of business by the Govt. of India, the expenditure incurred will be recovered from the prospective buyer. If the projects are abandoned with reference to Government orders or cannot be implemented such expenditures are charged to Profit and Loss Account in the respective years.

VIII. Accounting for Grants

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

IX. Reserves and Surplus

Interest Differential Reserve

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

X. Employee Benefits

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

- i. Short term employee benefits such as wages, salaries, incentives, short term EL and HPL are fully provided for.
- ii. Long term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

XI. Allocation of common charges/social overhead expenses

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

XII. Prior period and Extra-ordinary items

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

XIII. Significant events occurring after the Balance Sheet date

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

XIV. Revenue Recognition

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



In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.

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

XV. Foreign Exchange transactions

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

XVI. Accounting for taxes on income

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

XVII. Borrowing Cost

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

XVIII. Construction Projects

1. Capitalisation and Depreciation Provision

A. Specialised Mining Equipment

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

B. Power Generation Unit

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

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



BALANCE SHEET AS AT 31ST MARCH, 2012

(` in crore)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	1677.71	1677.71
b) Reserves and Surplus	2	10362.05	9496.69
c) Minority Interest		70.00	55.00
(2) Non-Current Liabilities			
a) Long-term borrowings	3	5361.03	4402.35
b) Deferred tax liability - Net	4	614.15	579.38
c) Other Long term liabilities	5	450.70	422.85
(3) Current Liabilities			
a) Trade payables	6	1535.78	1517.48
b) Other current liabilities	7	664.53	957.57
c) Short-term provisions	8	798.49	649.94
TOTAL		21534.44	19758.97
II. ASSETS			
(1) Non-Current Assets			
a) Fixed Assets			
(i) Tangible assets	9	7471.71	5992.75
(ii) Intangible assets	10	850.68	858.63
(iii) Capital Work-in-Progress	11	4374.71	4122.93
(iv) Intangible assets under development	12	39.35	21.59
b) Non-current investments	13	309.58	412.78
c) Long-term loans and advances	14	294.19	433.10
d) Other Non-current assets	15	23.83	43.08
(2) Current Assets			
a) Current Investments	16	103.20	103.20
b) Inventories	17	506.19	491.71
c) Trade receivables	18	3647.03	2202.39
d) Cash and Cash equivalents	19	3347.08	4424.00
e) Short-term loans and advances	20	410.43	475.32
f) Other current assets	21	156.46	177.49
TOTAL		21534.44	19758.97

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

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012



PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (₹ in crore)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenue from operations	24	4866.85	4295.95
II. Other income	25	748.36	571.69
III. Total Revenue (I+II)		5615.21	4867.64
IV. Expenses:			
Increase (-) / Decrease in stock	26	-2.88	-6.64
Employee benefits expense	27	1698.20	1400.79
Finance Cost	28	149.54	112.77
Depreciation and amortisation expenses	29	430.18	412.87
Other Expenses	30	1475.03	1319.81
Prior Period Adjustments(Net)	31	-2.56	3.49
		3747.51	3243.09
Less: Expenses Capitalised	32	38.04	42.93
Total expenses		3709.47	3200.16
V. Profit before exceptional and Extra-ordinary items and tax (III-IV)		1905.74	1667.48
VI. Exceptional items	33	78.15	17.02
VII. Profit before Extra-ordinary items and tax (V+VI)		1983.89	1684.50
VIII. Extra-ordinary item		0.00	0.00
IX. Profit before tax (VII+VIII)		1983.89	1684.50
X. Tax Expense:			
For current year		496.00	405.00
For previous year		41.79	-27.72
Deferred tax		34.77	8.94
		572.56	386.22
XI. Profit for the period from continuing operation (IX-X)		1411.33	1298.28
XII. Profit for the period		1411.33	1298.28
XIII. Earning Per Share			
Basic and Diluted (₹)	34	8.41	7.74

There is no discontinued operation.

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

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(` in crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax	1983.89	1684.50
Adjustments for : Less: Profit on Disposal of Asset	5.80	4.00
Interest Income	611.46	495.14
	617.26	499.14
Add: Depreciation	430.18	439.03
Advance OB removal charge off	20.73	20.73
Other non-cash charges	46.58	-186.88
Interest charged to P&L A/c	149.54	159.07
	647.03	431.95
	29.77	-67.19
Operating Profit before working capital changes	2013.66	1617.31
Adjustments for :		
Sundry Debtors	-1443.86	-590.79
Loans & Advances	15.07	-63.79
Inventories & other current assets	-14.93	12.40
Trade Payables	-119.86	-500.60
Cash flow generated from operations	450.08	474.53
Direct Taxes paid	-478.10	-289.49
	-28.02	185.04
Capital Grants utilised	1.02	-2.17
Net Cash from operating activities	-27.00	182.87
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/ Preliminary expenses	-1512.02	-1352.87
Sale of Fixed Assets/Projects		
From continuing operations	9.39	11.14
Sale/Purchase of investments	103.20	103.19
Interest received	632.70	482.01
Net Cash used in investing activities	-766.73	-756.53
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Long-term borrowings (Net)	644.14	764.76
Interest paid	-493.93	-419.67
Share Capital purchased	15.00	22.00
Dividend (including Dividend Tax)	-448.40	-196.05
Net Cash used in financing activities	-283.19	171.04
Net increase, decrease (-) Cash and Cash equivalents	-1076.92	-402.61
Cash and cash equivalents as at the beginning of the year	4424.00	4826.61
Cash and cash equivalents as at the end of the year	3347.08	4424.00

	As at 31.03.2012	As at 31.03.2011
DETAILS OF CASH AND CASH EQUIVALENTS:		
Cash in hand	0.17	0.03
Cash at bank in current account	37.65	20.37
Cash at bank in deposit account	3309.26	4403.60
Total	3347.08	4424.00

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY
Place: Chennai

RAKESH KUMAR
DIRECTOR (FINANCE)

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR
Date:28.05.2012

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

For M/s. L.U. KRISHNAN & CO.,
Chartered Accountants
Firm Regn. No. 001527S

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 03957S

R.AGHORAMURTHY
Partner
M.No. 007595

V.SURESH
Partner
M.No. 026525

Place: Chennai

Date:28.05.2012



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)			
1	Share Capital	As at 31.03.2012	As at 31.03.2011		
a.	Authorised 2,00,00,00,000 Equity Shares of ` 10/- each	2000.00	2000.00		
b.	Issued, Subscribed and Paid-up 1,67,77,09,600 Equity Shares of ` 10/- each fully paid-up	1677.71	1677.71		
c.	1,56,96,39,900 Equity Shares being 93.56% held by the President of India				
2	Reserves and Surplus	As at 01.04.2011	Additions	Withdrawal	As at 31.03.2012
a.	Capital Reserve (capital grants)				
i.	USTDA Grant	1.51	0.00	0.00	1.51
ii.	Fly Ash Housing Grant	0.02	0.00	0.00	0.02
iii.	Plant Renovation Grant	0.14	0.00	0.00	0.14
iv.	Safety Investigation System	0.70	0.00	0.00	0.70
b.	Profit and Loss Account	8488.96	1427.58	740.30	9176.24
	- Share of interest in Joint Venture	-0.08	-	-	-0.08
c.	KfW Interest Differential Reserve	233.44	34.33	16.25	251.52
d.	General Reserve	727.00	145.00	0.00	872.00
e.	Bond redemption Reserve	45.00	15.00	0.00	60.00
	Total	<u>9496.69</u>	<u>1621.91</u>	<u>756.55</u>	<u>10362.05</u>
3	Long-term Borrowings	As at 31.03.2012	As at 31.03.2011		
a.	Secured				
(i)	Neyveli Bonds - 2009	600.00	600.00		
(ii)	Term Loans from Banks				
	Canara Bank Consortium Loan	2182.50	2172.50		
	State Bank of India Loan	100.00	0.00		
	Bank of Baroda Consortium Loan	1938.90	1110.00		
b.	Unsecured				
	Foreign Currency loan from KfW-Germany ##				
	10.30 Million Euro (10.74 Million Euro) - I	70.42	67.94		
	68.66 Million Euro (71.46 Million Euro) - II	469.21	451.91		
	Total	<u>5361.03</u>	<u>4402.35</u>		
	## Guaranteed by the Government of India.				



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
c.	Neyveli Bonds 6000, 8.83%10 Years, Secured, Redeemable, Taxable, Non-convertible Bonds in the nature of Debentures of ` 10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine-II Expansion Project, TPS-II Expansion, Barsingsar Mine and Thermal Power Station & exclusive charge on an immovable property. Redeemable on 23.01.2019 (without Put or Call Option).		
d.	The Rupee Term Loan of ` 3750 crore from Canara Bank consortium is secured by paripassu charge on project fixed assets financed and repayable in Twenty equal bi- annual instalment commenced from 23.02.2010.		
e.	The Rupee Term Loan of ` 2500 crore from State Bank of India is secured by paripassu charge on project fixed assets financed. The repayment would be made in 42 equated quarterly installments, starting from 30 th September, 2016.		
f.	The term loan of ` 2500 crore from Bank of Baroda consortium is secured by a paripassu charge on project of the subsidiary financed. The Repayment of loan is in twenty (20) equal half yearly consecutive installments starting from November 2013.		
g.	Bi-annual equal repayment (0.44 Million Euro) of Foreign Currency loan-I from KfW Germany, commenced from 30.12.2001.		
h.	Bi-annual equal repayment (2.80 Million Euro) of Foreign Currency loan-II from KfW Germany, commenced from 30.06.2002.		
4	Deferred Tax Liability - Net	As at 31.03.2012	As at 31.03.2011
a.	Deferred tax liability: Related to depreciation	825.72	611.95
b.	Deferred tax asset: Provisions, etc.	211.57	32.57
	Deferred tax liability (Net)	614.15	<u>579.38</u>
5	Other Long-term Liabilities	As at 31.03.2012	As at 31.03.2011
	Capital purchase, Capital Work-in-Progress and other liabilities	450.70	422.85
6	Trade Payables	As at 31.03.2012	As at 31.03.2011
a.	Sundry creditors and Accrued expenses	1077.38	1109.80
	- Share of interest in Joint Venture	0.02	0.11
b.	Mine Closure	0.00	108.94
c.	Capital works and purchases	458.38	298.63
	Total	1535.78	<u>1517.48</u>
d.	Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year ` 7.33 crore (previous year ` 2.74 crore).		
e.	Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act ` 0.33 crore.		
f.	Liability for Mine closure had been discharged by depositing the amount of ` 127.81 crore in the escrow account as per the guidelines issued by the Ministry of Coal.		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
7	Other Current Liabilities	As at 31.03.2012	As at 31.03.2011
a.	Current maturities of long term debt		
	(i) Loan from Banks - Canara Bank Consortium	375.00	375.00
	(ii) Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore 50 Million Euro	0.00	316.20
	(iii) Foreign Currency loan from KfW -3.24 Million Euro	22.15	20.49
b.	Interest accrued but not due on borrowing		
	(i) Neyveli Bonds	9.99	9.87
	(ii) Credit Agricole Corporate & Investment Bank	0.00	1.17
	(iii) KfW	1.05	1.01
	(iv) Others	0.01	0.00
c.	Unclaimed dividend	0.93	0.86
d.	Unutilised revenue grant	4.78	3.94
e.	Staff security deposit	0.01	0.01
f.	Other liabilities	250.30	225.15
	- Share of interest in Joint Venture	0.31	3.87
	Total	<u>664.53</u>	<u>957.57</u>
	Other liabilities includes LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits etc. .		
8	Short-term Provisions	As at 31.03.2012	As at 31.03.2011
a.	Accrued earned leave	120.68	96.06
b.	Half pay leave	54.36	30.35
c.	Short term benefit of earned leave	10.69	4.36
d.	Short term benefit of half pay leave	4.21	2.57
e.	Post retirement medical benefit	14.98	12.45
f.	Provision for Loss on assets	1.00	0.86
g.	Proposed Dividend	469.76	385.87
h.	Proposed dividend tax	76.21	62.60
i.	Contingencies	46.60	54.82
	Total	<u>798.49</u>	<u>649.94</u>
j.	Actuarial valuation liability in respect of long term employee benefits for EL and HPL is yet to be funded with SBI Life Insurance Corporation. Liability has been provided.		



Notes to the Financial Statements

SI. No.	Particulars										(` in crore)	
9	Tangible Assets											
		Description	Gross Cost				Depreciation				Net Value	
			As at 31.03.2011	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2012	As at 31.03.2011	Withdrawals Trans./Adj.	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	a	Land ***	417.78	2.81	0.00	420.59	0.00	0.00	0.00	0.00	420.59	417.78
	b	Lease hold land	48.36	1.92	0.00	50.28	5.91	0.00	1.91	7.82	42.45	42.45
		-Share of interest in Joint Venture	2.27	1.72	0.00	3.99	0.01	0.00	0.07	0.08	3.91	2.26
	c	Roads	45.01	11.12	0.00	56.13	11.52	0.00	1.34	12.86	43.27	33.49
	d	Buildings ++	286.22	51.56	0.09	337.69	114.15	0.34	6.52	120.33	217.36	172.07
	e	Elec. Installations	314.39	124.76	4.71	434.44	128.29	4.42	12.93	136.80	297.64	186.10
	f	Water Supply & Drainage	136.34	5.72	0.13	141.93	64.98	0.13	9.62	74.47	67.46	71.36
	g	Plant & Machinery*	11346.31	1671.06	58.15	12959.22	6338.74	54.15	363.22	6647.81	6311.41	5007.57
	h	Furniture & Equipments	62.33	6.84	0.61	68.56	39.75	0.56	3.32	42.51	26.05	22.58
		-Share of interest in Joint Venture	0.02	0.00	0.00	0.02	0.00	0.00	0.01	0.01	0.01	0.02
i	Vehicles	83.69	11.62	4.20	91.11	46.60	3.99	6.94	49.55	41.56	37.09	
j	Assets costing `5000 and below	5.76	0.24	0.00	6.00	5.76	0.00	0.24	6.00	0.00	0.00	
	Total	12748.48	1889.37	67.89	14569.96#	6755.71	63.59	406.12	7098.24	7471.71	5992.75	
	Previous Year	10830.29	2000.34	82.16	12748.47	6419.15	75.22	411.77	6755.71	5992.75		
	* Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects and insurance spares. ++ Includes leasehold buildings of value `2.10 crore for which lease agreement is yet to be signed. Normal depreciation rate adopted in view of lower amortisation rate # Includes Assets non-commissioned amounting to `1535.18 crore (Previous year `1726.57 crore) of which `1517.89 crore pertains to Thermal Power Station-II Expansion, which is under test and trial run, hence no depreciation is charged. *** Pending High Court decision, the additional land compensation of `0.89 crore (Previous year `0.58 crore) deposited with Court has not been capitalised. There is no impairment loss identified for the assets.											
10	Intangible Assets											
		Description	Gross Cost				Depreciation				Net Value	
			As at 31.03.2011	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2012	As at 31.03.2011	Withdrawals Trans./Adj.	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	a	Software	9.19	0.16	0.00	9.35	6.03	0.00	1.24	7.27	2.08	3.16
	b	Mine Development										
		Mine-I	464.33	0.00	0.00	464.33	194.87	0.00	11.07@	205.94	258.39	269.46
		Mine-IA	121.71	5.78	0.00	127.49	24.03	0.00	2.88@	26.91	100.58	97.68
		Mine-II	451.42	15.60	0.00	467.02	85.22	0.00	12.98@	98.20	368.82	366.20
	c	Barsingar Mine	123.14	0.73	0.00	123.87	1.01	0.00	2.05	3.06	120.81	122.13
		Total	1169.79	22.27	0.00	1192.06	311.16	0.00	30.22	341.38	850.68	858.63
	Previous Year	1151.06	18.74	0.00	1169.80	278.84	0.00	32.30	311.16	858.63		
	@ represents provisions for amortisation There is no impairment loss identified for the assets											



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
11	Capital Work-in-Progress	As at 31.03.2012	As at 31.03.2011
a.	Plan Expenditure		
	i) TPS-II Expansion		
	Supply and Erection	747.82	1905.98
	Capital Goods in Stock	2.80	2.82
	Expenditure during Construction	104.84	95.09
	Interest during Construction	<u>215.94</u>	<u>337.07</u>
		1071.40	2340.96
	ii) Barsingsar Mines and Thermal		
	Supply and Erection	4.28	15.16
	Capital Goods in Stock	<u>0.03</u>	<u>0.03</u>
		4.31	15.19
	iii) Mine-II Expansion		
	Supply and Erection	73.78	76.72
	Capital Goods in Stock	<u>22.06</u>	<u>36.58</u>
		95.84	113.30
	iv) NLC Tamilnadu Power Ltd.		
	Supply and Erection	2693.30	1355.30
	Capital Goods in Stock	32.01	49.41
	Expenditure during Construction	47.95	21.60
	Interest during Construction	<u>243.82</u>	<u>102.76</u>
		3017.08	1529.07
	v) Neyveli New Thermal Plant Consultancy and others	14.60	0.00
b.	Non-Plan Expenditure	<u>171.48</u>	<u>124.41</u>
	Total	<u>4374.71</u>	<u>4122.93</u>
12	Intangible Assets under Development	As at 31.03.2012	As at 31.03.2011
a.	Preliminary Project Expenditure	67.72	53.46
	- Share of interest in Joint Venture	<u>2.85</u>	<u>3.01</u>
		70.57	56.47
	Less: provisions	<u>31.22</u>	<u>34.88</u>
		<u>39.35</u>	<u>21.59</u>
13	Non-current Investments	As at 31.03.2012	As at 31.03.2011
	8.5% tax free SLR Power Bonds issued by State Governments. (Unquoted)	309.58	412.78
14	Long-term Loans and Advances	As at 31.03.2012	As at 31.03.2011
a.	Loans and Advances-Staff (Secured)	65.83	76.20
b.	Capital Advances (Unsecured - considered good)	<u>228.36</u>	<u>356.90</u>
		_____	_____



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
15	Other Non-current Assets	As at 31.03.2012	As at 31.03.2011
	Unsecured considered good	23.83	43.08
16	Current investments	As at 31.03.2012	As at 31.03.2011
	8.5% tax free SLR Power Bonds issued by State Governments (Unquoted)	103.20	103.20
17	Inventories	As at 31.03.2012	As at 31.03.2011
	(As certified by the Management)		
a.	Raw Materials	57.43	54.55
b.	Stores and Spares	428.89	408.73
c.	Goods-in-transit	27.91	35.81
		<u>456.80</u>	<u>444.54</u>
	Less: Provision	9.55	9.10
d.	Solid/Hollow/Fly Ash Bricks	1.51	1.72
	Total	506.19	491.71
e.	Inventory valuation - Value of Inventory at the lower of cost and net realisable value.		
	(i) Lignite - At absorption cost excluding share of common charges and social overhead.		
	(ii) Stores & Spares procured - At weighted average acquisition cost.		
	(iii) Fly ash bricks - At absorption cost.		
	(iv) Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
f.	Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.		
18	Trade Receivables	As at 31.03.2012	As at 31.03.2011
a.	Unsecured		
	Considered Good		
	More than six months	1068.74	701.23
	Others	2578.29	1501.16
	Considered Doubtful	2.09	2.87
		<u>3649.12</u>	<u>2205.26</u>
	Less: Provision for Doubtful Debts	2.09	2.87
	Total	3647.03	2202.39
19	Cash and Cash Equivalents	As at 31.03.2012	As at 31.03.2011
a.	Balances with Scheduled Banks in Current A/c	37.64	20.36
	- Share of interest in Joint Venture	0.01	0.01
b.	Cash on hand	0.17	0.03
c.	Unpaid Dividend A/c	0.93	0.86
d.	Fixed Deposits		
	(i) Short term Deposit	3275.20	4373.21
	- Share of interest in Joint Venture	5.94	2.35
	(ii) Staff Security Deposit	0.01	0.01
	(iii) Endowment fund in the name of NLC Schools	0.18	0.17
	(iv) Short term Deposits for lien for guarantee	27.00	27.00



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
20	Short-term Loans and Advances (Recoverable in cash or in kind or for value to be received)	As at 31.03.2012	As at 31.03.2011
a	Unsecured		
	(i) Considered good	139.27	126.11
	- Share of interest in Joint Venture	0.01	0.00
	(ii) Considered doubtful	2.14	3.12
		<u>141.42</u>	<u>129.23</u>
	Less: Provision for doubtful advances	2.14	3.12
		<u>139.28</u>	<u>126.11</u>
b.	Prepaid expenses	4.33	3.39
c.	Advance Overburden removal expenditure	13.82	34.55
d.	Asset not in the Books of Accounts (Net off charge)	1.40	0.00
e.	Advance Income tax	1323.95	1244.32
	Less : Provision for taxation	1072.41	933.09
f.	Deposit with Central Excise, Port Trust and Customs authorities	0.06	0.04
	Total	<u>410.43</u>	<u>475.32</u>
g.	(i) Due by officers	-	-
	(ii) Maximum amount due at any time during the year	-	-
h.	(i) Due by Directors	-	-
	(ii) Maximum amount due at any time during the year	-	-
21	Other Current Assets	As at 31.03.2012	As at 31.03.2011
a.	Interest accrued	155.75	177.20
	- Share of interest in Joint Venture	0.22	0.01
b.	Disposable/Dismantled assets, Spares	0.85	2.23
	Less: Provision for impairment of assets	0.36	1.95
	Total	<u>156.46</u>	<u>177.49</u>
22	Contingencies and Commitments	As at 31.03.2012	As at 31.03.2011
a.	Contingent Liability exists in respect of:		
	(i) Guarantees issued by Company	21.98	18.61
b.	Claims against the Corporation not acknowledged as debts:		
	(i) From employees/others	0.22	0.23
	(ii) From suppliers/contractors	1721.04	1545.05
	(iii) Statutory authorities	19.34	20.02
	(iv) Disputed amount of Income tax	280.97	82.92
c.	(i) Estimated value of contracts remaining to be executed on capital accounts not provided for	2780.81	3735.40
	(ii) Commitment for the acquisition of lands	44.89	90.51
d.	Value of Securities other than cash not considered		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
23	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of Sundry Debtors, Advances and amounts due to Creditors are subject to confirmation.		
24	Revenue from Operations	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Power	4476.23	3996.44
b.	Lignite	462.88	345.40
c.	Miscellaneous	13.75	2.17
		<u>4952.86</u>	<u>4344.01</u>
	Less: Excise Duty	4.62	0.48
		<u>4948.24</u>	<u>4343.53</u>
	Less: Transfer to Capital Expenditure Accounts	81.39	47.58
		<u>4866.85</u>	<u>4295.95</u>
d.	Pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry of Coal Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges in respect of Barsingsar Thermal Power Station in accordance with the accounting policy.		
e.	Revision in capacity charges of power tariff and transfer price of lignite(in accordance with Ministry of Coal (MOC) guidelines) for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission (CERC).		
f.	Mine-II Expansion expenditure in determining the transfer price of lignite for energy charges in respect of sale of power will be considered on filing of tariff petition with CERC for TPS-II Expansion.		
25	Other Income	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Interest		
	(i) Bank Deposit	392.22	338.24
	(ii) Employees	14.68	8.37
	(iii) Long-term investments	41.67	50.44
	(iv) Others	162.89	81.82
b.	Recoveries		
	(i) Rent	7.97	8.64
	(ii) Others	0.48	0.48
c.	Handling charges recovered	0.12	9.35
d.	Profit on Sale of assets	5.80	4.00
e.	Provision written back	23.46	4.36
f.	Miscellaneous	108.56	74.27
		<u>757.85</u>	<u>579.97</u>
	Less: Transfer to Capital Expenditure Accounts	9.49	8.28
		<u>748.36</u>	<u>571.69</u>
g.	Surcharges recoverable from Electricity Boards on the belated settlement of the power bill, amounting to ` 64.66 crore (previous year ` 9.66 crore) has not been reckoned as income since		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
26	Increase(-)/decrease in Stock	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	OPENING STOCK		
	Raw Material		
	Lignite	54.55	49.40
	Less: transfer to capital account	0.00	1.49
		<u>54.55</u>	<u>47.91</u>
b.	CLOSING STOCK		
	Raw Material		
	Lignite	57.43	54.55
		<u>57.43</u>	<u>54.55</u>
	Increase (-) /Decrease in Stock	<u>-2.88</u>	<u>-6.64</u>
27	Employee Benefits Expense	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Salaries, Wages and Incentives	1426.79	1178.74
b.	Contribution to Provident and other funds	223.46	196.21
c.	Gratuity	58.56	27.78
d.	Welfare expenses	76.33	68.17
		<u>1785.14</u>	<u>1470.90</u>
	Less: Transfer to Capital Expenditure Accounts	<u>86.94</u>	<u>70.11</u>
		<u>1698.20</u>	<u>1400.79</u>
e.	Disclosure under Accounting Standard-15 on Employee benefits:		
	1. Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	(i) The actuarial gain or losses will be recognised in the year of occurrence.		
	(ii) The LIC Group Gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year end.		
	(iii) The amounts recognised in the balance sheet are as follows:		
	Present value of funded obligations	676.91	603.98
	Fair value of Plan assets	676.91	603.98
	Unrecognised past service cost	0.00	0.00
	Net liability in the Balance Sheet	0.00	0.00
	(iv) The amounts recognised in the Statement of Profit and Loss are as follows:		
	Current service cost	18.14	4.16
	Interest on obligation	48.32	33.03
	Expected return on plan assets	-55.99	-44.62
	Net actuarial losses (gains) recognised in the year	34.34	176.54
	Total included in Employee benefit expense	44.80	169.11
	Actual return on plan assets	55.98	44.63



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	(v) Changes in the present value of the defined benefit obligation		
	Opening defined benefit obligation	603.99	412.87
	Service cost	18.14	4.16
	Interest cost	48.32	33.03
	Actuarial losses (gains)	34.34	177.44
	Benefits paid	-27.88	-23.51
	Closing defined benefit obligation	676.91	603.99
	(vi) Changes in the fair value of plan assets		
	Opening fair value of plan assets	603.99	414.20
	Expected return	55.99	44.62
	Actuarial gains and (losses)	0.00	0.90
	Contributions by employer	44.80	167.78
	Benefits paid	-27.88	-23.51
	Closing fair value of plan assets	676.91	603.99
	(vii) Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discounted rate per annum	8.00	8.00
	Expected return per annum on plan assets	8.00	8.00
	Salary escalation per annum	5.00	5.00
	Retirement age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	1-3%
	2. Disclosure in respect of Defined Contribution Plan in respect of Post Retirement Medical Benefit Scheme:		
	(i) Amount recognised in the Profit and Loss account as premium paid to the Insurance Company	6.73	10.62
	(ii) Liability provided for the fixed Medical Assistance	9.90	6.25
28	Finance Cost	For the year ended 31.03.2012	For the year ended 31.03.2011
	a. Interest Expenses		
	Fixed loans		
	Unsecured loans - KfW - Foreign currency loan	4.29	3.85
	Unsecured loans - Credit Agricole Corporate & Investment Bank - Foreign currency loan	7.47	6.35
	Secured loans-NLC Bonds	53.10	52.98
	Loan from Banks	402.27	294.23
	Other Financial charges	0.00	6.00
	Carried forward	467.13	363.41



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	Brought forward	467.13	363.41
	Others	14.87	3.65
	Guarantee Fees KfW loan	6.48	6.44
	Exchange rate variation	4.45	19.67
		<u>492.93</u>	<u>393.17</u>
	Less: Transfer to Capital Expenditure Accounts	<u>343.39</u>	<u>280.40</u>
		<u>149.54</u>	<u>112.77</u>
	b. Borrowing cost capitalised during the year		
	(i) Interest and commitment charges	338.94	260.73
	(II) Exchange rate difference arising from foreign currency loan	4.45	19.67
29	Depreciation and Amortisation Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
	a. Fixed Assets	407.29	387.87
	b. Mine Development and other amortisations	28.98	30.05
		<u>436.27</u>	<u>417.92</u>
	Less: Transfer to Capital Expenditure Accounts	5.91	4.95
	Transfer from Capital Grants	0.18	0.10
		<u>430.18</u>	<u>412.87</u>
30	Other Expenses	For the year ended 31.03.2012	For the year ended 31.03.2011
	Consumption of stores and spares	502.12	447.97
	Fuel	96.15	85.16
	Mine closure	18.87	17.97
	Advance Overburden removal charge off	20.73	20.73
	Excise duty	28.98	3.14
	Rent	0.51	0.67
	Rates and taxes		
	Electricity tax	1.28	1.22
	Clean energy cess	122.36	85.22
	Others	2.51	3.53
	Power charges	5.68	2.35
	Water charges	1.09	0.82
	Wealth tax	0.26	0.31
	Repairs and Maintenance		
	Plant and Machinery	112.87	90.81
	Buildings	8.70	13.87
	Others	<u>178.66</u>	<u>131.55</u>
	Carried forward	<u>1100.77</u>	<u>905.32</u>



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
		For the year ended 31.03.2012	For the year ended 31.03.2011
	Brought Forward	1100.77	905.32
	Overburden Removal Expenditure	44.85	52.63
	Insurance	4.82	3.45
	Payments to auditors		
	Audit fees	0.16	0.13
	Tax audit fees	0.08	0.06
	Other certification fees	0.08	0.05
	Reimbursement of expenses	0.03	0.02
	Traveling expenses	13.46	13.25
	Training expenses	2.92	2.34
	Family welfare expenses	3.02	2.17
	Selling expenses - Discounts	36.24	54.87
	Afforestation expenses	12.23	9.57
	Royalty	177.44	160.92
	Central Industrial Security Force expenses	66.20	50.70
	Corporate Social Responsibility expenses	14.09	13.24
	Miscellaneous expenses	64.64	53.51
	Loss on disposal of assets	2.03	0.00
	Fixed assets written off	0.06	0.00
	Provision for impairment of fixed assets	0.35	0.00
	Provision for contingencies	10.02	10.00
	Provision for stores & materials	2.93	2.67
	Provision for doubtful debts/advances	0.06	0.33
	Provision for loss on assets	0.14	0.00
	Provision for preliminary expenses	0.44	30.66
		<u>1557.06</u>	<u>1365.89</u>
	Less: Transfer to Capital Expenditure Accounts	80.86	44.19
	Transfer from Grant	1.17	1.89
		<u>1475.03</u>	<u>1319.81</u>
31	Prior Period Adjustments (Net)	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Sales	0.00	-21.49
b.	Depreciation	0.00	26.16
c.	Consumption of Stores and Spares	0.00	-1.18
d.	CSR expenses	-2.56	0.00
e.	Rent	2.73	0.00
		<u>0.17</u>	<u>3.49</u>
	Less: Transfer to Capital Expenditure Accounts	2.73	0.00
		<u>-2.56</u>	<u>3.49</u>
	(-) Indicates Credit		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)	
32	Expenses Capitalised	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Lignite Consumption during construction	22.30	29.54
b.	Power Consumption during construction	0.00	2.27
c.	Service charges	9.30	4.61
d.	Land Acquisition expenses	6.44	6.51
	Total	38.04	42.93
33	Exceptional Items	For the year ended 31.03.2012	For the year ended 31.03.2011
a.	Power sales	-63.46	-340.72
b.	Mine closure expenditure liability reversal	0.00	400.42
c.	Lignite sales	57.23	-6.15
d.	Interest - Income	161.21	16.21
e.	Employee benefits expense	-76.83	0.00
f.	Interest - Expenses	0.00	-52.74
	Total	78.15	17.02
g.	Power tariff has been finalised by CERC for Thermal Power Station-I & II for the period from 01.04.2009 during the year. Consequently there is a reduction in the power sale which had been provisionally reckoned in the earlier years.		
h.	Claim for the Income - Tax reimbursement for the period from 2005-06 to 2008-09 has been accepted by the beneficiaries in respect of lignite supplied to them. Hence the same has been reckoned as income during the year.		
i.	Consequent to receipt of finalised power tariff for Thermal Power Station-I & II and on acceptance of Income Tax reimbursement claim, income in respect of interest for the difference between the provisional billing and finalised power tariff, and on earlier year Income Tax reimbursement claim has been reckoned.		
j.	Additional provision has been made in respect of employee superannuation benefit for the period from 01.01.2007 to 31.03.2011.		
k.	During the year ended 31 st March, 2011, the Ministry of Coal approved Mine Closure Plans effective from 01.04.2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of ` 400.42 crore, power sales has been reduced by ` 340.72 crore and lignite sales has been reduced by ` 6.15 crore being adjustment relating to earlier years and consequent interest payable to the beneficiaries has been reckoned at ` 52.74 crore. Interest income on receipt of finalised power tariff for TPS-I Expansion amounting to ` 16.21 crore also considered.		



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)			
34	Earning Per Share	For the year ended	For the year ended		
		31.03.2012	31.03.2011		
a.	Profit after tax	1411.33	1298.28		
b.	Number of Shares	1677709600	1677709600		
c.	Face Value of Share (`)	10.00	10.00		
d.	Earning Per Share - Basic and Diluted (`)	8.41	7.74		
35	The effect of Foreign Exchange Fluctuation	For the year ended	For the year ended		
		31.03.2012	31.03.2011		
a.	The amount of exchange rate difference debited/ (credited) to the Profit & Loss Account	1.02	1.34		
b.	The amount of exchange rate difference adjusted and debited /(credited) to the carrying amount of fixed assets & WIP	56.21	24.37		
36	Expenditure Incurred on Research & Development	For the year ended	For the year ended		
		31.03.2012	31.03.2011		
a.	Capital expenditure	0.75	1.29		
b.	Revenue expenditure	9.86	9.27		
37	Profit Appropriation	For the year ended	For the year ended		
		31.03.2012	31.03.2011		
a.	Surplus brought forward from previous year	8488.96	7799.40		
b.	Profit after tax	1411.33	1298.28		
c.	Transfer to/from Interest Differential Reserve	-18.08	-15.25		
d.	Transfer to Bond Redemption Reserve	-15.00	-15.00		
e.	Transfer to General Reserve	-145.00	-130.00		
f.	Proposed dividend	-469.76	-385.87		
g.	Tax on proposed dividend	-76.21	-62.60		
	Surplus carried to Balance Sheet	9176.24	8488.96		
38	Details of Contingency Provisions	As at	Additions	Withdrawal	As at
		01.04.2011			31.03.2012
a.	Interest on disputed tax deducted at source	16.58	0.02	0.00	16.60
b.	Provision for Barsingsar Mine Development expenditure incurred in earlier year	18.24	0.00	18.24	0.00
c.	Provision for arbitration	20.00	10.00	0.00	30.00
	Total	54.82	10.02	18.24	46.60



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)
39	<p>Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below:</p> <p>(i) List of related parties: (a) Key Management Personnel:</p> <p style="text-align: center;">Chairman-cum-Managing Director</p> <p style="text-align: center;">Shri A.R. Ansari</p> <p style="text-align: center;">Directors</p> <p style="text-align: center;">Shri. Alok Perti Smt. Zohra Chatterji Shri. Rajeev Ranjan Shri N.Sundaradevan Shri. R.K.Mahajan Shri. B.Surender Mohan Shri. R.Kandasamy Shri. K.Sekar Shri. J.Mahilselvan Shri. Sarat Kumar Acharya Shri. T.Jeyaseelan Shri. P. Soma Shekar Reddy</p> <p>(ii) Transactions during the year with related parties: Remuneration to Functional Directors listed in (a) above: ` 1.92 crore</p>	
40	<p>Disclosure in respect of the interests in Joint Venture as per Accounting Standard -27 is furnished as under:</p> <p>a. Company Name : M/s. MNH Shakti Limited</p> <p>b. Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Odisha.</p> <p style="text-align: right;">For the year ended For the year ended 31.03.2012 31.03.2011</p> <p>c. Joint Venture/Interest :</p> <p>(i) M/s. Mahanadi Coalfields Limited 70% 70%</p> <p>(ii) M/s. Neyveli Lignite Corporation Limited 15% 15%</p> <p>(iii) M/s. Hindalco Industries Limited 15% 15%</p>	



Notes to the Financial Statements

Sl. No.	Particulars	(` in crore)							
		Lignite Mining		Power Generation		Inter-segment adjustment		Total	
		For the year ended		For the year ended		For the year ended		For the year ended	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
42	Segmentwise Result for the year 2011-12								
	REVENUE								
	External Sales	458.26	345.66	4408.59	3950.29			4866.85	4295.95
	Inter-segment sales	3238.35	2535.33	288.66	190.52	3527.01	2725.85		
	Total Revenue	3696.61	2880.99	4697.25	4140.81	3527.01	2725.85	4866.85	4295.95
	RESULT								
	Segment Result	960.85	920.65	559.36	462.84			1520.21	1383.49
	Other Income							113.54	88.48
	Unallocated corporate expenses.							192.39	167.08
	Operating Profit							1441.36	1304.89
	Interest expense							149.54	112.77
	Interest Income							611.36	478.85
	Exceptional Items							78.15	17.02
	Income taxes							572.56	386.22
	Profit from Ordinary activities							1408.77	1301.77
	Prior period / Income / Expenditure (Net)							2.56	-3.49
	Net Profit							1411.33	1298.28
	OTHER INFORMATION	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Segment Assets	4429.04	4380.20	6958.08	3823.82			11387.12	8204.02
	Unallocated Corporate assets (Including Capital Work-in Progress)							10147.32	11554.95
	Total Assets							21534.44	19758.97
	Segment liabilities	821.76	909.69	640.37	493.36			1462.13	1403.05
	Unallocated Corporate liabilities							7962.55	7126.52
	Total liabilities							9424.68	8529.57
	Capital expenditure	105.15	189.67	134.89	46.57			240.04	236.24
	Depreciation	267.78	293.65	148.80	102.97			416.58	396.62
	Non-cash expenses other than depreciation	0.36	1.86	0.09	0.67			0.45	2.53
	Note:	<p>1. Since the business operation is within India the secondary disclosure does not arise.</p> <p>2. The inter-segment transfers are priced on cost plus profit basis.</p> <p>3. Allocation of</p> <ul style="list-style-type: none"> i) Storage charges on the basis of material drawal, ii) Common charges and social overhead on the basis of salaries & wages, iii) Sales Orgn. expenses on the basis of actual sales and iv) Service Centres Assets & Liabilities are apportioned among the segments on the basis of the service rendered. 							



SOCIAL OVERHEAD ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

(in crore)

Description	Township		Library		Transport		Education		Sports & Cultural Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Expenses:											
Consumption of Materials	8.40	1.58	0.01	0.00	3.36	3.12	0.19	0.07	0.02	0.00	11.98	4.77
Stores & Spares	48.63	20.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48.63	20.82
Power												
Employees' Remuneration and Benefits:												
Salaries, Wages, Bonus and Incentives	65.65	44.76	1.86	2.27	16.75	20.06	14.59	13.71	1.66	0.00	100.51	80.80
Contribution to Provident and other Funds	10.34	5.47	0.15	0.21	1.29	1.70	0.43	0.58	0.13	0.00	12.34	7.96
Gratuity	4.49	2.31	0.06	0.00	0.15	0.00	0.06	0.00	0.00	0.00	4.76	2.31
Welfare expenses	4.21	4.05	0.02	0.02	0.16	0.14	0.20	0.15	0.02	0.00	4.61	4.36
Rent, Rates & Taxes	0.55	0.57	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.55	0.60
Repairs & Maintenance												
Buildings	4.84	9.21	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	4.85	9.21
Others	26.82	13.60	0.00	0.00	0.51	0.40	0.04	0.48	0.00	0.05	27.37	14.53
Depreciation	5.05	3.42	0.01	0.01	0.15	0.16	0.01	0.01	0.01	0.01	5.23	3.61
Travelling Expenses	0.14	0.15	0.00	0.00	0.01	0.01	0.02	0.12	0.02	0.01	0.19	0.29
Miscellaneous	12.12	10.54	0.02	0.17	0.10	0.16	0.16	0.30	0.07	0.10	12.47	11.27
Total	191.24	116.48	2.13	2.68	22.48	25.78	15.70	15.42	1.94	0.17	233.49	160.53
Receipts:												
Recoveries:												
Rent	7.56	8.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.56	8.08
Electricity Charges	7.09	8.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.09	8.16
Water Charges	0.38	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38	0.38
Grant-in-aid	0.00	0.00	0.00	0.00	0.00	0.00	6.24	7.27	0.00	0.00	6.24	7.27
Bus Receipts	0.00	0.00	0.00	0.00	1.64	1.25	0.00	0.00	0.00	0.00	1.64	1.25
Misc. Receipts	3.13	2.10	0.04	0.00	0.00	0.00	0.00	0.01	0.00	0.00	3.17	2.11
Total	18.16	18.72	0.04	0.00	1.64	1.25	6.24	7.28	0.00	0.00	26.08	27.25

Note : Expenditure on Medical facilities over and above those which are statutorily required to be maintained is not ascertainable and hence not included in this account.