



NEYVELI LIGNITE CORPORATION LIMITED

(A Government of India Enterprise)

Office of the Chairman-cum-Managing Director

Regd. Office: 'Neyveli House', No.135, Periyar EVR High Rd., CHENNAI-600 010.

Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.

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

CIN:L93090TN1956GOI003507

Web-site:www.nlcindia.com:E-mail:cosec@nlcindia.com

Lr.No.Secy/Cl.31/2014

Dt.26.08.2014

To

The Bombay Stock Exchange Limited,
Pirozejeejeebhoy Towers
Dalal Street
Mumbai

Scrip Code : 513683

Dear sirs,

Sub: Clause 31 of the Listing Agreement - Reg.

As required under Clause 31 of the Listing Agreement, we enclose the following for your reference and record.

- (i) Annual Report (Abridged Version) of the Company for the year 2013-14.
- (ii) Notice convening the 58th Annual General Meeting of the Company scheduled to be held on Wednesday, the 24th September,2014.

Thanking you.

Yours faithfully
for Neyveli Lignite Corporation Limited


Company Secretary



CHAIRMAN-CUM-MANAGING DIRECTOR

Shri. B. Surender Mohan

DIRECTORS

Dr. A.K. Dubey
Shri. C.V. Sankar
Shri. Sarat Kumar Acharya
Shri. Rakesh Kumar
Shri. S. Rajagopal
Shri. M.S. Ravindranath
Shri. S. Boopathy
Dr. Sanjay G Dhande
Shri. C. Balakrishnan

COMPANY SECRETARY

Shri. K. Viswanath

STATUTORY AUDITORS

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

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

BRANCH AUDITOR

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

COST AUDITOR

M/s. Srinivasan, Sundaram & Associates
Cost Accountants,
325, VI Main Road, Venkataraman Nagar,
Hasthinapuram, Chitlapakkam,
Chennai - 600 064.

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

TRUSTEES TO THE NEYVELI BONDS 2009

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

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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CHIEF VIGILANCE OFFICER



Shiv Raj Singh

SENIOR MANAGEMENT



C. Senthamilselvan
Executive Director (Mines)



T. Avudaitangam
Executive Director (Thermal)



R. Sreenivasan
Executive Director (Contracts & PBD)



C. Ramachandran
Executive Director (NTPL)



K.M. Suresh Babu
Executive Director (Barsingsar Project)



N. Ilamparuthi
Executive Director (SME&Conv./Mines)



B. Gouthaman
CGM (TPS-I & TPS-I Expr.)



G. Balasubramanian
CGM (TPS-II)



Syed Abdul Fateh Khalid
CGM (Mine-I & Mine-IA)



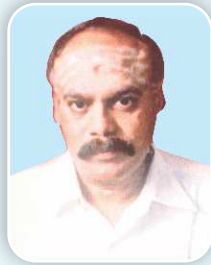
R. Kanagachalam
CGM (Mine-II & Mine-II Expr.)



SENIOR MANAGEMENT



R. Deivam
CGM (Mine Planning)



R. Nagarajan
CGM (SME/Mines)



K. Ramakrishnan
CGM (Mine-II)



N. Panneerselvan
CGM (Conveyor/Mines)



N. Muthu
CGM (HR)



M. Maheswaran
CGM (HR)



R. Mohan
CGM (Finance)



S. Sankaranarayanan
CGM (Finance)



Dr. K. Janardhan
CGS (Medical)



I. Susai Arul Raj
CEO (NUPPL)



D. Ravindran
CGM (CSR & LO)



K. Sridhar
CGM (NTPL)



R. Venkataraman
CGM (Chennai)



Dr. K. Usha
CGS (Medical)



10 Years Performance at a glance - Financial

(₹ in crore)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
INCOME STATEMENT										
Sales	5967.23	5590.07	4866.85	4295.95	4121.02	3354.91	2981.65	2108.11	2201.41	3001.94
Other Income	1024.76	582.95	748.36	571.69	569.22	720.79	611.45	635.66	498.18	664.87
TOTAL INCOME	6991.99	6173.02	5615.21	4867.64	4690.24	4075.70	3593.10	2743.77	2699.59	3666.81
Operating Expenses	4011.03	3581.01	3129.75	2674.47	2801.08	2589.33	1705.86	1383.38	1434.49	1320.80
Earning before Int., Depm. & Tax	2980.96	2592.01	2485.46	2193.17	1889.16	1486.37	1887.24	1360.39	1265.10	2346.01
Depreciation	517.28	512.31	430.18	412.87	253.89	424.50	454.49	447.34	349.45	516.30
Interest	181.58	193.39	149.54	112.77	33.58	8.15	8.80	43.28	54.28	66.09
Profit for the year	2282.10	1886.31	1905.74	1667.53	1601.69	1053.72	1423.95	869.77	861.37	1763.62
Prior Period Adjustments(Net)	0.00	0.00	0.00	0.00	3.17	-7.71	-2.66	4.89	16.25	-9.06
Exceptional items	-72.97	161.34	78.15	17.02	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	0.00	0.00	109.77	2.12
Profit before tax	2209.13	2047.65	1983.89	1684.55	1604.86	1046.01	1421.29	874.66	987.39	1756.68
Provision for tax	707.25	587.90	572.56	386.22	357.40	224.92	319.72	307.88	285.04	541.68
Profit after tax	1501.88	1459.75	1411.33	1298.33	1247.46	821.09	1101.57	566.78	702.35	1215.00
Dividend	469.76	469.76	469.76	385.87	335.54	335.54	335.54	201.33	335.54	335.54
Dividend tax	79.83	78.55	76.21	62.60	56.37	57.03	57.02	34.22	47.06	46.70
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	12225.91	11273.62	10362.18	9496.82	8646.96	7791.52	7362.57	6652.80	6321.08	6001.47
Networth	13881.07	12925.15	11989.57	11121.40	10225.60	9412.78	9008.79	8309.29	7990.38	7673.06
Loans Outstanding	3150.29	3524.14	3819.28	4004.04	4077.36	4057.70	2790.68	1505.70	1286.71	1229.69
Net Fixed Assets	6470.62	6635.36	8253.75	6795.82	5238.80	4502.96	3743.67	3850.43	4040.09	4269.06
Investments	1616.89	1432.40	1197.05	964.75	1044.94	811.37	826.22	929.41	2591.42	2590.77
Net Current Assets	5928.74	6055.31	5558.55	5268.07	4681.17	4705.51	4049.71	3744.81	2894.49	2617.16
Capital Employed	12399.36	12690.67	13812.30	12063.89	9919.97	9208.47	7793.38	7595.24	6934.58	6886.22
RATIOS										
Operating Margin(OPM)(%)	32.78	35.94	35.69	37.74	32.03	22.82	42.79	34.38	34.84	56.00
Return on Capital Employed (ROCE)(%)	12.11	11.50	10.22	10.76	12.58	8.92	14.13	7.46	10.13	17.64
Return on Networth (RONW)(%)	10.82	11.29	11.77	11.67	12.20	8.72	12.23	6.82	8.79	15.83
Debt Equity (%)	22.69	27.27	31.86	36.00	39.87	43.11	30.98	18.12	16.10	16.03
Current Ratio	3.44	3.78	3.17	3.04	2.56	2.65	3.21	3.27	5.01	3.89
Quick Ratio	3.16	3.46	2.97	2.85	2.39	2.46	2.96	2.99	4.51	3.50
VALUE ADDED PER EMPLOYEE (in ₹)	2842095	2642505	2204260	1934346	1844515	1218369	1276836	1090907	1036468	1348250
BOOK VALUE PER SHARE (in ₹)	82.74	77.04	71.46	66.29	60.95	56.10	53.70	49.53	47.63	45.74
EARNING PER SHARE (in ₹)	8.95	8.70	8.41	7.74	7.44	4.89	6.01	3.88	4.27	7.64
DIVIDEND (%)	28.00	28.00	28.00	23.00	20.00	20.00	20.00	12.00	20.00	20.00



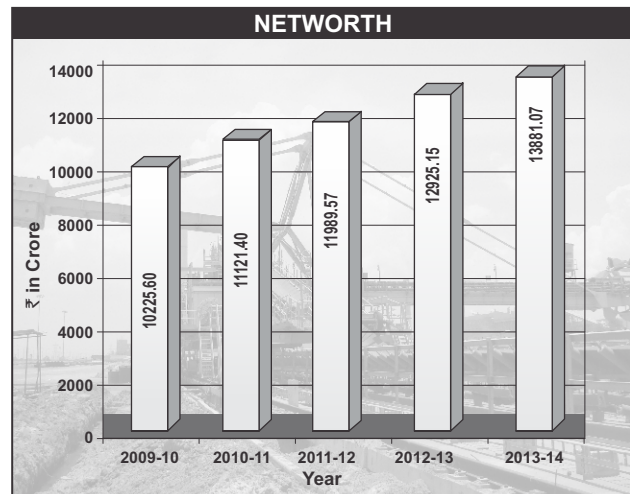
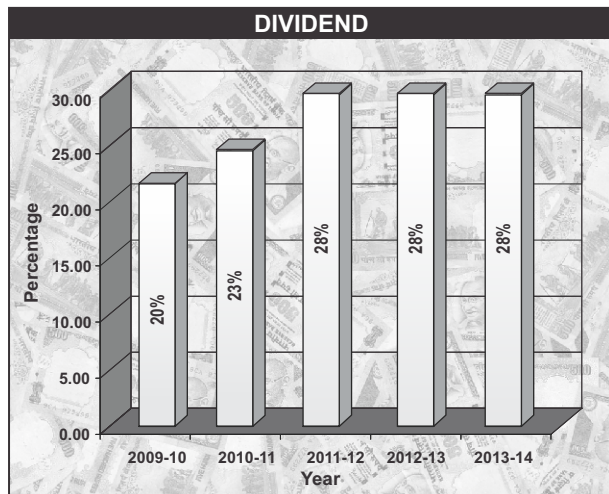
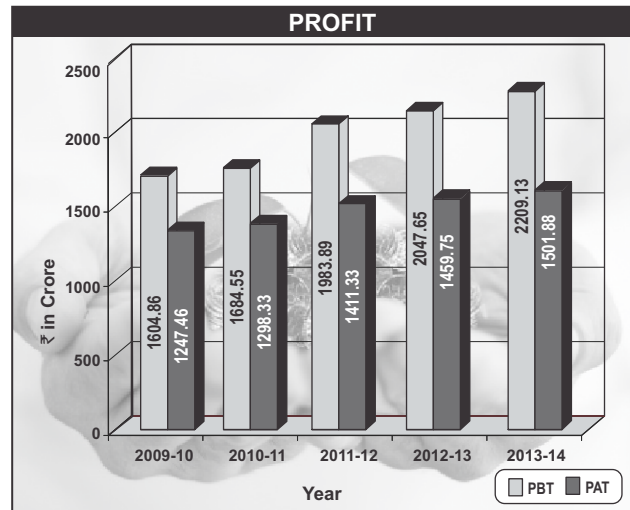
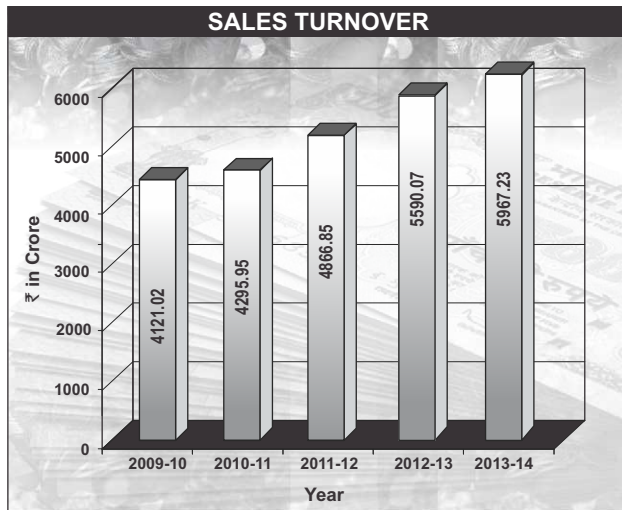
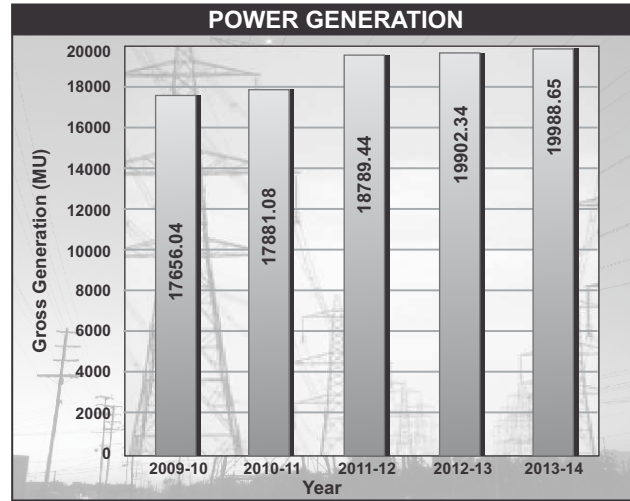
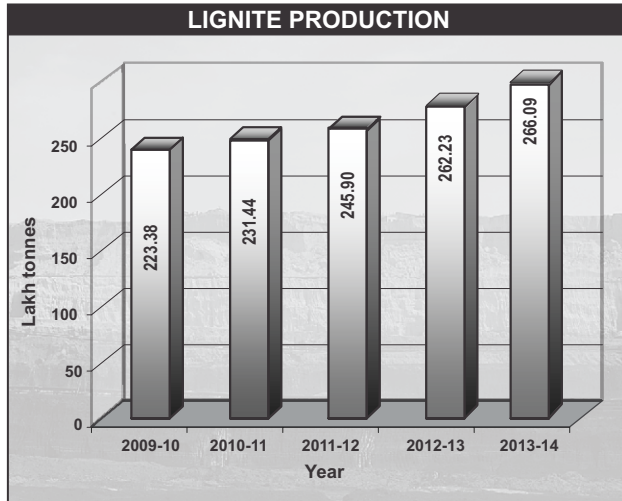
10 Years Performance at a glance - Physical

PARTICULARS	UNIT	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
PRODUCTION											
Lignite											
Mine-I	LT	90.03	79.60	77.34	83.05	91.59	90.40	87.82	105.48	102.72	105.28
Mine-IA	LT	30.01	29.40	28.77	27.19	27.11	30.56	33.27	38.04	37.35	32.11
Mine-II	LT	130.52	139.44	130.96	117.11	104.43	91.09	94.37	66.62	64.28	78.28
Barsingsar Mine	LT	15.53	13.79	8.83	4.09	0.25	1.02	0.40	0.00	0.00	0.00
TOTAL	LT	266.09	262.23	245.90	231.44	223.38	213.07	215.86	210.14	204.35	215.67
Power											
T.P.S.-I	MU	4058.14	4035.43	3987.85	3878.65	4114.44	3577.49	3671.54	3981.53	3990.17	4259.15
- Net	MU	3594.55	3569.44	3510.55	3400.54	3630.13	3141.03	3235.03	3521.64	3540.30	3772.90
T.P.S.-II Expn.	MU	3292.10	3319.77	3042.68	2997.04	2979.43	3126.05	3267.66	3264.96	3081.81	3237.96
- Net	MU	3013.59	3035.58	2809.97	2743.44	2720.12	2858.42	2994.06	2988.50	2802.11	2944.82
T.P.S.-II	MU	11179.16	11238.09	11087.65	10739.78	10559.69	9064.44	10517.69	8540.09	9170.44	9249.27
- Net	MU	10104.37	10152.16	10018.96	9701.51	9549.99	8172.14	9486.88	7719.76	8279.10	8344.53
Barsingsar T.P.S.	MU	1438.24	1280.85	617.68	265.61	2.48	0.00	0.00	0.00	0.00	0.00
- Net	MU	1256.96	1118.40	514.29	193.45	2.48	0.00	0.00	0.00	0.00	0.00
T.P.S.-II Expn.	MU	21.01	28.20	53.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Net	MU	14.00	19.81	39.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	MU	19988.65	19902.34	18789.44	17881.08	17656.04	15767.98	17456.89	15786.58	16242.42	16746.38
- Net	MU	17983.47	17895.39	16893.11	16038.94	15902.72	14171.59	15715.97	14229.90	14621.51	15062.25
SALES											
Lignite	LT	32.54	27.56	27.18	21.68	21.69	21.35	22.94	20.68	16.62	16.50
Power	MU	16956.40	16841.51	15810.67	14971.26	14828.22	13204.05	14775.84	13330.80	13747.90	14162.11

LT - Lakh Tonnes MU - Million Units



PHYSICAL AND FINANCIAL CHARTS





DIRECTORS' REPORT FOR THE YEAR 2013-14

To
The Members,
Neyveli Lignite Corporation Limited

Your Directors are pleased to present the 58th Annual Report of your Company together with the audited accounts for the year ended 31st March 2014.

Performance 2013-14

Year in retrospect

The year 2013-14 was a year of excellence in all fronts once again and your Company scaled new heights in physical and financial achievements.

Highlights - Physical

- ★ Overburden removal from all Mines put together at 1681.72 LM³ is the highest for any year since inception.
- ★ Lignite production from all Mines put together at 266.09 LT is the highest for any year since inception.
- ★ Power Generation and export from all thermal power stations put together at 19988.65 MU and 16956.40 MU respectively are the highest for any year since inception.
- ★ Lignite production of 15.53 LT and power generation of 1438.24 MU from Barsingsar Mine and power plant are the highest for any year since inception.

Highlights - Financial

- ★ The total sales of ₹5967.23 crore is the highest for any year since inception.
- ★ The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2013-14 of ₹2209.13 crore and ₹1501.88 crore respectively are the highest for any year since inception.

Segment-wise Performance

Mines

The mining capacity of your Company is 30.60 MTPA as on 31st March 2014. During the year 2013-14 your Company achieved the highest ever performance in Overburden (OB) removal and Lignite production. The total OB removal and Lignite production stood at 1681.72 LM³ (1674.85 LM³ in 2012-13) and 266.09 LT (262.23 LT in 2012-13) registering a growth of 0.41% and 1.47% respectively.

Mine-I (including expansion)

The capacity of this Mine is 10.5 MTPA. This Mine recorded 563.39 LM³ of overburden removal during the year 2013-14 as against 502.15 LM³ registered during the previous year 2012-13 recording a growth of 12.20%. Lignite production during the year was 90.03 LT as against 79.60 LT during the previous year registering a growth of 13.10%.

Mine-IA

The capacity of this Mine is 3.0 MTPA. During the year 2013-14, the overburden removal was 279.15 LM³ as against 281.81 LM³ registered during the previous year 2012-13. Lignite production during the year was 30.01 LT as against 29.40 LT during the previous year 2012-13 registering a growth of 2.07%.



Over view of Mine-I



Mine-II (including expansion)

The capacity of this Mine is 15.0 MTPA. During the year 2013-14, the overburden removal was 772.93 LM³ as against 813.36 LM³ registered during the previous year 2012-13. Lignite production during the year was 130.52 LT as against 139.44 LT in the previous year 2012-13. Growth could not be registered due to breakdown in the conveyor systems & SMEs. However, it was ensured that the lignite was produced and maintained upto the maximum capacity of the stock yard almost throughout the year.

Barsingsar Mine

The capacity of this Mine is 2.1 MTPA. During the year 2013-14, overburden removal was 66.25 LM³ as against 77.53 LM³ registered during the previous year 2012-13. Lignite production during the year was 15.53 LT as against 13.79 LT in the previous year 2012-13 registering a growth of 12.62%. Overburden removal was restricted as sufficient quantity of lignite had already been exposed.

Output per Man shift

The output per man shift during the year 2013-14 compared with the previous year 2012-13 is given below.

Product	Unit	2013-14	2012-13	Growth (%)
Lignite	Tonne	12.64	11.97	5.60

Power

The total generation capacity of thermal power stations of your Company was 2740 MW as on 31st March 2014. Your Company has surpassed the previous year generation and achieved all time high in power generation and export during the year under review. The aggregate power generation during the year 2013-14 was 19988.65 MU (19902.34 MU in 2012-13) and the export during the year 2013-14 was 16956.40 MU (16841.51 MU in 2012-13) with a growth of 0.43% and 0.68% respectively. The power generation could have been still higher, but for the surrendering of power by the beneficiary States to the extent of about 288 MU.

Thermal Power Station-I

The installed capacity of this thermal power station is 600 MW. Generation of power during the year 2013-14 was 4058.14 MU as against 4035.43 MU in 2012-13. During the year under review 3277.22 MU was exported to TANGEDCO, the sole beneficiary, as against 3215.98 MU during the previous year 2012-13. Power generation and export of power registered a growth of 0.56% and 1.90% respectively and this Station achieved a Plant Load Factor (PLF) of 77.22% during the year under review. Major overhaul & Residual Life Assessment (RLA) study works were carried out in Unit-III and annual maintenance works were carried out in all other units.

Thermal Power Station-I Expansion

The installed capacity of this thermal power station is 420 MW. During the year 2013-14, the power generation from this station was 3292.10 MU as against 3319.77 MU in 2012-13 and 3013.59 MU was exported as against 3035.58 MU during the previous year 2012-13. The Station achieved a PLF of 89.48%. Annual maintenance works were carried out in both the units during the year under review.

Thermal Power Station-II

The installed capacity of this thermal power station is 1470 MW. During the year 2013-14, power generation was 11179.16 MU as against 11238.09 MU in the year 2012-13. Export of Power to the Southern Grid during 2013-14 was 9399.53 MU as against 9455.81 MU during the previous year 2012-13. This Station achieved a PLF of 86.81% during the year under review. Major overhaul was carried out in Unit-I & Unit-V and annual maintenance works were carried out in all other units during the year.

**Barsingsar Thermal Power Station**

The installed capacity of this thermal power station is 250 MW. During the year 2013-14, power generation was 1438.24 MU as against 1280.85 MU during the previous year 2012-13 and 1253.03 MU of power was exported to the grid as against 1114.33 MU during the previous year 2012-13. This Station achieved a PLF of 65.66% during the year under review. Annual maintenance works were carried out in both the units during the year.

Productivity

The output per man shift during the year 2013-14 compared with the previous year 2012-13 is given below.

Product	Unit	2013-14	2012-13	Growth (%)
Power	Kwh	22222	21386	3.91

Financial Performance

During the year ended 31st March, 2014, the Company registered a total sales of ₹5967.23 crore as against ₹5590.07 crore recorded in the year 2012-13, registering a growth of 6.75%. The sales registered for the year 2013-14 was the highest ever since inception.

The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2013-14 were ₹2209.13 crore and ₹1501.88 crore, respectively, as against ₹2047.65 crore and ₹1459.75 crore, respectively, registered in the year 2012-13. As compared to the previous year 2012-13, the PBT and the PAT for the year 2013-14 recorded a growth of 7.89% and 2.89%, respectively. The PBT and the PAT for the year ended 31st March, 2014 were the highest for any year since inception.

The reason for increase in the profit for the year 2013-14 was on account of higher sales consequent to increased lignite production, generation and export of power.

The details of profit earned for the financial year 2013-14 and appropriation of the same in comparison with the previous year 2012-13 are as under:

(₹ in crore)

	2013-14	2012-13
Profit Before Tax	2209.13	2047.65
Tax provision	707.25	587.90
Profit After Tax	1501.88	1459.75
Appropriation :		
Transfer to		
Bond Redemption Reserve	15.00	15.00
Interest Differential Fund Reserve	17.07	15.71
General Reserve	155.00	150.00
Interim Dividend	167.77	167.77
Tax on Interim Dividend	28.51	27.22
Proposed Final Dividend	301.99	301.99
Tax on proposed Final Dividend	51.32	51.33



Dividend

The Board of Directors of your Company has recommended a final dividend of 18% (₹1.80 per share) for the year 2013-14. An Interim Dividend @10% (₹1.00 per share) has already been paid to shareholders during the month of March 2014 and taking into account the final dividend of 18%, the total dividend for the year 2013-14 works out to 28% (previous year 28%) and the total dividend outgo including distribution tax will be ₹549.59 crore (previous year ₹548.31 crore), which works out to 36.59% of PAT for the year 2013-14.

MoU Rating for the year 2012-13

Your Directors have pleasure to share with the Members that the Company has achieved 'Excellent' rating for its performance during the year 2012-13 in terms of the Memorandum of Understanding (MoU) entered into with the Ministry of Coal as per DPE guidelines.

Disinvestment

In order to comply with minimum public shareholding requirement under Securities Contract (Regulation) Rules, 1957 and Clause 40A of Listing Agreement, the Government of India (GOI), during the year under review had disinvested 5,97,01,260 equity shares, which is around 3.56% of the equity share capital of the Company, through Institutional Placement Programme (IPP). Consequent to the above, the GOI shareholding in the Company is reduced to 90% and the balance is held by FIIs/FIs, Banks, Mutual Funds etc. and Public.

Projects under construction/implementation

Thermal Power Station-II Expansion (2x250 MW)

As reported last year, Unit-I of Thermal Power Station-II Expansion was synchronised with lignite firing in May 2011 and after attending the teething problem it was lighted up again on 8th November, 2012. However, the unit had to be taken out of service on 25th November, 2012 to attend to refractory damage in Seal Pot 2 and failures in Fluidised Bed Heat Exchanger (FBHE) coils and spacer rods. In order to rectify the above, design modifications were made by BHEL in the Super Heater/Re-Heater coil supports in all the four FBHE, in consultation with M/s.Lentjes, the technology



Thermal Power Station-II Expansion

provider and the unit was again synchronised on 13th February, 2014. However the unit was not able to achieve sustained operation and the unit could be in operation only intermittently. The unit is currently under shutdown due to failure in the support system in one of the FBHEs. This has been taken up with BHEL at all levels and also the Ministry of Coal and the Department of Heavy Industry. BHEL is in the process of carrying out further modification to make the FBHEs support system more rigid and reliable. This is being closely followed up to commission the unit early.

In respect of Unit-II, the Boiler was lighted up on 24th October, 2013 and the Turbine was rolled to the rated speed of 3000 rpm and the electrical tests were completed on 25th October, 2013. All the pre-commissioning activities have already been carried out. The modification proposed to be carried out in Unit-I will be carried out in this unit also before light up.



The overall physical progress of the project is 94.73%. As per the recent commitment made by BHEL, the commercial operation of the Unit-I is expected by August 2014 and that of Unit-II by September 2014. The Cumulative expenditure incurred up to 31st March, 2014 is ₹2904.44 crore.

Neyveli New Thermal Power Project (2 x 500 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. The power station will adopt pulverised fuel firing technology. Two units of 500 MW capacity each will be set up as a replacement of the existing 600 MW TPS-I which has served for more than 50 years. Due to retendering of Steam Generator package, the project has got delayed.

BHEL has been awarded the contract for execution of both Steam Generator Package (NTA 1) and Turbo-Generator Package (NTA 2) at an order value of ₹2569.24 crore and ₹1022.68 crore, respectively. Balance of Plant (BOP) Package has been awarded on M/s. Essar Projects Limited at a value of ₹1159.08 crore. The Cumulative expenditure incurred up to 31st March, 2014 is ₹339.15 crore. As per the current status, commercial operation of Unit-I and II is expected by October 2017 and April 2018 respectively.

Restructuring of Mine-I & IA

In order to meet the lignite requirement of the Neyveli New Thermal Power Project of 1000 MW capacity being set up at Neyveli, the Board of Directors of your Company had approved the proposal for re-structuring of Mine-I from 10.5 to 8.0 MTPA and Mine-IA from 3.0 to 7.0 MTPA at an estimated cost of ₹1458.17 crore which would result in increase in the Lignite Mine capacity by 1.5 MTPA.

RWE-Germany has been engaged to prepare the Feasibility Report (FR) for this project. Draft Social Impact Assessment (SIA) report has been received and the Expert Appraisal Committee (EAC) of Ministry of Environment & Forest, Government of India has issued the Terms of Reference for conducting Environmental Impact Assessment and Environment Management Plan study.

The draft EIA/EMP reports have been prepared and submitted to TNPCB, Cuddalore. Public Hearing is expected to be conducted soon and final environmental clearance is expected by October 2014. Administrative sanction for additional land with respect to Mine-I has been obtained from Tamilnadu Government and for Mine-IA, it is expected shortly.

Wind Power Project (51 MW)

Members may be aware that as part of entering into generation of green energy, your Board of Directors has approved for setting up 51MW Wind Power Project at Kazhuneerkulam, Tirunelveli District with Operation & Maintenance for five years from the actual date of commissioning, at an aggregate cost of ₹347.14 crore. Work Order for setting up of the above project has been issued to M/s Leitwind Shriram Manufacturing Limited, Chennai in August 2013. Commissioning schedule for Wind Power Project is ten months from the date of placing of work order. Supply and erection activities are in progress. The overall physical progress of the project is 33%. The Cumulative expenditure incurred upto 31st March, 2014 is ₹41.28 crore.

Solar Power Project (10 MW)

As one more step to harness green energy, the Board of Directors of your Company has accorded in principle approval for setting up of 25 MW Solar Power Project at Neyveli, out of which 10 MW will be installed in an area of about 54 acres in first phase and another 15 MW as an expansion in the second phase. M/s.BHEL, Chennai has



been awarded the contract for setting up the above 10 MW Solar Power Project at a cost of ₹74.60 crore, which includes Operation & Maintenance for three years after the warranty period. LOA has been issued to M/s.BHEL, Chennai on 30th April, 2014 and the project is scheduled to be completed within a period of 9 months from the date of LOA.

Coal Block Allocation

Pachwara South

Pachwara South Coal Block in the State of Jharkhand, having a total reserve of 279 MT of coal has been allocated by Ministry of Coal, Government of India to Neyveli Uttar Pradesh Power Limited, a subsidiary of your Company, for meeting the requirement of coal for its proposed thermal power plant at Ghatampur, in the State of Uttar Pradesh. Terms of Reference (TOR) has been issued by MoE&F in February 2014 and Advance Action Proposal (AAP) for ₹19.45 crore has been sanctioned by Ministry of Coal.

Work order has been issued for preparation of EIA/EMP reports as well as Differential Global Positioning Survey (DGPS). Exploratory drilling is being carried out by CMPDI.

Jilga Barpali

Jilga-Barpali Coal Block, in the State of Chhattisgarh, with a total reserve of 546 MT of coal has been allocated by Ministry of Coal, Government of India, jointly to the Company with Chhattisgarh State Power Generation Company (CSPGCL) to develop the Mine and share the coal resources as per the allocation made by GOI. As per the allocation made 396 MT of coal from this block would be used for the proposed 1980 MW (Phase I) of the Sirkali Thermal Power Project, in the State of Tamilnadu.

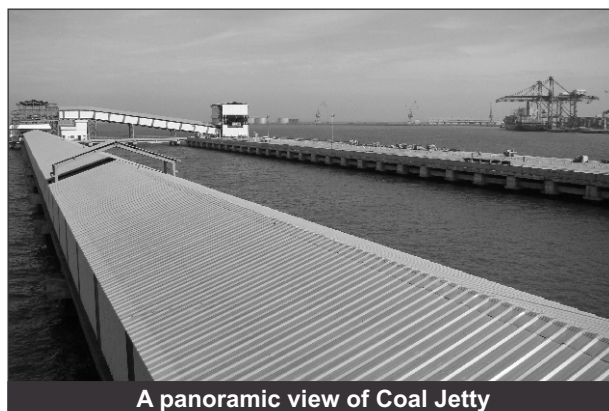
A proposal for JV between your Company and CSPGCL with an equity ratio of 74:26 has been approved by your Board of Directors and the Joint Venture Agreement (JVA) is expected to be signed shortly, with CSPGCL.

Joint Venture Projects

NLC Tamilnadu Power Limited (2x500 MW)

Coal based thermal power plant at Tuticorin is being implemented by your Company as a joint venture with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), at a revised estimated cost of ₹6602.74 crore. Boiler Hydro Test for Unit-I was carried out on 28th September, 2012 and the Unit was lighted up with oil on 19th March, 2014. All the major pre-commissioning activities of Unit-I have been completed and the Unit is expected to be commissioned in August 2014.

Regarding Unit-II, Boiler Hydro Test was carried out on 9th November, 2012. Erection works are in its advanced stage of completion. Boiler light up of Unit-II is planned for August 2014 and the Unit is expected to be commissioned during September 2014. The Cumulative expenditure incurred up to 31st March, 2014 is ₹5191.62 crore.



A panoramic view of Coal Jetty

MNH Shakti

MNH Shakti Limited a Joint Venture Company promoted by M/s. Mahanadi Coalfields Limited (MCL), NLC & Hindalco with equity participation of 70:15:15 is implementing a 20.0 MTPA coal mining project in Talabira in the State of Odisha. MCL being the major stake holder, is piloting the project. Environmental clearance for this project is yet to be received.



Neyveli Uttar Pradesh Power Limited (3x660 MW)

Members may be aware that your Company had entered into a joint venture with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for setting up of 1980 MW (3x660) coal based thermal power project in Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh, at an estimated cost of ₹14,375 crore. The JV Company, Neyveli Uttar Pradesh Power Limited (NUPPL) is a Subsidiary Company with equity participation of NLC and UPRVUNL in the ratio of 51:49. Ministry of Coal (MoC) has accorded sanction for the Advance Action Proposal (AAP) for ₹73.65 crore for carrying out certain preliminary activities. The schedule for completion of the project is 52 months, 58 months and 64 months from the date of sanction by GOI for the 1st, 2nd and 3rd unit of 660 MW each. The Public Investment Board, Government of India has recommended the project proposal for sanction to the Cabinet Committee on Economic Affairs. CCEA would consider the project for sanction once the project gets the environment clearance.

The project was taken up for consideration for issue of environmental clearance by the Expert Appraisal Committee (EAC) and the said Committee had observed that as per the existing policy of MoE&F, the environmental clearance and Stage-I forest clearance for the linked coal block is a pre-requisite. The JV Company has taken necessary steps to obtain environmental clearance and Stage-I Forest Clearance for the linked Pachwara South coal block. For the proposed thermal plant, NUPPL has deposited ₹131.59 crore with the Land Acquisition Department, Kanpur, Govt. of Uttar Pradesh. The Private land to the extent of 767.27 hectares is being acquired. The Company has been given possession letter for 452.013 hectare as on 31st March, 2014. The JV Company has also taken action to acquire 60.7310 hectare of Government land lying within the project boundary.

Power purchase agreement has been signed with Uttar Pradesh Power Corporation Limited. Government of Uttar Pradesh has accorded sanction for supply of 80 cu. sec. of water from the West Allahabad branch canal downstream of Bidhnu Kasba Village for the above project.

M/s. Desein Private Limited, New Delhi has been appointed as the Consultant for the project. The tenders inviting EOI for the three packages viz., Steam Generator and Auxiliaries, Steam Turbine Generator and the Balance of Plant (all other auxiliary Packages) have been floated and the processing of EOIs are in progress. Preparation of tender specifications is also in progress. M/s. RITES has been assigned the work of carrying out the feasibility study for railway siding for the proposed coal based thermal power project. A site office for the above project has been constructed at Ghatampur and was inaugurated on 24th February, 2014.

New Projects under formulation

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

Your Company has proposed to set up a lignite based 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 ₹2298.83 crore. The Board of Directors of your Company has accorded approval for payment of ₹94.56 crore to Government of Rajasthan towards acquisition of lands for Bithnok Mine Project.

State level Environmental Impact Assessment Authority, Rajasthan has already issued environmental clearance in respect of TPS. For the linked Mine, Expert Appraisal Committee (EAC) of MoE&F has recommended the project for environmental clearance. Environmental clearance will be issued by the authorities only after obtaining the Stage-I Forest clearance for which necessary application has been made by the Company.

Barsingsar Thermal Power Station Extension (BTPSE) (250 MW) linked to Hadla Lignite Mine (1.9 MTPA)

Members may be aware that with a view to utilise the lignite deposits in Hadla lignite block, your Company has proposed to set up a 250 MW lignite based thermal power plant with linked Mine of 1.9 MTPA capacity in Bikaner



District of Rajasthan, as an extension of the existing Barsingsar Power Station. Preparation of Feasibility Report (FR) for Thermal and Hadla Mine have been completed.

Environmental clearance for Hadla Mine Project and for BTPSE project have been obtained. Geological Exploration & Survey Work in the Palana Mine block initiated by your Company could not be taken up due to resistance by villagers. Considering the encroachments on the Palana lands and the resistance from the villagers, it is proposed to drop Palana Mine Project and the fuel requirement of BTPSE will be met by operating the existing Barsingsar Mine and Hadla Mine.

Sirkali Thermal Power Project (4000 MW)

Your Company, has proposed to set up a 4000 MW coal based coastal thermal power project, in two phases, at Sirkali, Nagapattinam District in the State of Tamil Nadu. In the first phase 1980 MW is proposed at an estimated cost of ₹14,482 crore. The Board of Directors of your Company has accorded approval for AAP of ₹56.52 crore for taking up pre-project sanction activities. LOA for the Consultancy services for the preparation of Feasibility Report (FR) has been issued to M/s. Tractabel and preparation of FR is in progress.

Action has been initiated for preparation of FR for Coal jetty and Marine EIA study. Your Company has taken up with District Administration to expedite the issue of administrative sanction for acquiring 1221.82 hectares of land for this project.

Barsingsar Solar Power Project (10MW)

A proposal is under consideration to setup a Solar Power Plant of 10MW capacity at Barsingsar, at an estimated cost of ₹ 92.83 crore.

Devangudi Mine Project

Your Company had earlier proposed to develop Devangudi Mine Block of 2.0 MTPA capacity at an estimated cost of ₹542.67 crore to cater to the requirements of small industries around Neyveli. It is proposed to drop the above Mine project at present due to the prevailing non-favorable regional ground water scenario as per the Regional Ground Water Study conducted recently by IIT Chennai and to meet the stipulation of restriction in pumping of water by MoE&F in Neyveli area.

Coal Assets Abroad

In order to ensure fuel security for the coal based power projects, your Company plans to acquire coal assets abroad and in this connection had floated an Expression of Interests (EOI). Based on the response to the EOI it has been decided to further process the offers received from the firms having explored Mine field and are on the lookout for partners to develop the said Mine. Technical, financial and legal due diligence studies in the order of priority with respect to reserve size of the Mine field will be carried out and necessary action has been taken to appoint a consultant for carrying out the above studies.

Power Tariff

The Central Electricity Regulatory Commission (CERC) initially constituted under the Electricity Regulatory Commission Act, 1998 is a statutory body now functioning under the Electricity Act, 2003 which has repealed the ERC Act-1998, 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. Tariff orders for the period 2009-14 in respect of TPS-I, TPS-I Expansion and TPS-II have been issued by CERC. Tariff petition has been filed before CERC for the Barsingsar Power Plant and CERC has awarded provisional tariff for the power exported from this project for the period from COD up to 31.03.2014. Filing of tariff petitions for the period 2014-19 is underway.



Dues - Power & Lignite sales

During the year 2013-14, the realisation of power dues of the Company increased considerably with respect to the previous year as a result of ardent efforts put forth by the Company at various levels and with the support of MOC. The outstanding dues of the Company as on 31.03.2014 was ₹2206.53 crore in which the power dues accounted for ₹1985.26 crore, comprising normal dues of ₹1064.46 crore (i.e., dues within the allowable 60 days limit) and over dues of ₹920.80 crore (viz., dues exceeding the permissible 60 days limit). The corresponding dues as on 31.03.2013 was ₹3802.37 crore in which the power dues accounted for ₹3413.47 crore comprising normal dues of ₹789.08 crore and over dues of ₹2624.39 crore.

Rebate Scheme/One time Settlement Scheme for Realisation of Dues

Your Company is following a graded rebate scheme to incentivize prompt/early payment of monthly power bills. Your Company also managed to recover ₹309.61 crore of surcharge income pursuant to a settlement worked out with TANGEDCO. Further, Power Purchase Agreements (PPAs) with TANGEDCO were renewed/amended to incorporate payment security clause in line with the industry practice for appropriation of any payments first against surcharge and then against earlier unpaid bills, statutory dues and then monthly bills. Efforts are on to get the PPAs with other Discoms also amended.

Credit Rating

Your Company has obtained highest credit rating of “AAA/Stable” from ICRA, CRISIL and Brickworks for the loans obtained for its various projects in Neyveli and Barsingsar.

Research and Development (R&D)

Centre for Applied Research & Development (CARD), the In-house R&D centre of your Company had complied with the R&D guidelines successfully by completing five R&D project activities. The total R&D expenditure, incurred during the year 2013-14 was ₹14.34 crore which is around 1% of PAT for the year 2013-14.

Currently two Coal S&T projects on corrosion problems in Specialised Mining Equipment (SME) in mines and development of alternate materials to prevent erosion corrosion in de-watering pipes in mines are in progress. A Memorandum of Understanding (MoU) was signed on 28.03.2014 with Indian Institute of Technology, Madras for a joint research consultancy project “Delineating of buried sub-surface objects, hard bands in open-cast mines”. The study aims to find buried objects in mines using Ground Penetration Radar technology. As a measure of expanding its R&D activities, your Company had invited proposals through 'Expression of Interest' basis for undertaking projects to resolve certain identified problems. The proposals received are under scrutiny for implementing the projects.

CARD has been granted accreditation for chemical and mechanical testing by National Accreditation Board for Testing and Calibration Laboratories (NABL). The Accreditation has been granted for a period of two years from 17th December, 2013. CARD is taking efforts to take up projects on Clean Coal Technologies. Your Company is in discussion with M/s. KOBELCO, Japan to upgrade the lignite for power generation. Discussions are in progress with M/s. Environmental Clean Technology, Australia for developing a technology to produce lignite pellets of high calorific value with less moisture. Further, discussion for possibility of utilising the dried lignite in reduction of iron ore (millings) to iron and also with lignite consuming industries for the suitability of the pellets in their system is also in progress.

Your Company has identified the potential of fly ash as a pozzolanic material and ways and means for gainful utilisation of fly ash. It has also identified the potential use of bottom ash in construction activities as a substitute for sand by 50% and has entered into an MOU with VIT University to undertake a study. The joint research has yielded positive results, proving that bottom ash can replace sand in cement mortar and cement blocks. Based on research experimental building has been constructed in Neyveli using bottom ash.



Human Resource Management

Human Resource

Your Company takes pride in its competent and highly motivated human resource and maintain harmonious relationship that leads to achieving organisational as well as individual goals. The human resource has been the backbone of your Company in driving operational and financial performance. The thrust on achieving higher growth and optimal utilisation of manpower continued in the year under review also. The productivity of the employee has been demonstrated by increase in the lignite production and power generation. The total manpower of your Company as on 31st March, 2014 was 16849.

Employee Development

Your Company has continuously promoted training, learning initiatives for skill and competency building and overall development for not only its own employees but also for the surrounding society. The training programme includes management, mining operation, power station operation and maintenance, project construction, erection, commissioning and information technology. During 2013-14, 550 in-house programmes on the above topics covering 16,000 employees were organised. Leadership development programme was also arranged for senior executives to harness their skills.

Industrial Relations

Your Company continued its faith in participative management and industrial relations remained harmonious and cordial.

Implementation of Official Language

In line with the Government of India policy and the provisions prescribed under the Official Languages Act, 1963 your Company made concerted efforts to promote the official language. Hindi workshops on topics such as usage of Unicode fonts in computers, glossary of standard expressions and phrases used in office noting and correspondence, salient features of the above Act and its rules and official language policy of Union were organised. Third sub-committee of Parliamentary Committee on official language inspected the implementation of official language. Your Company has been conferred with "Rajbhasha Vishista Samman" award instituted by Centre for Training and Development.

Reservation of Posts

Your Company continues to follow the directives of the Government of India with regard to reservation for SC and ST. The details of group-wise Men-in-Position (MIP) as on 31st March, 2014 are as under:

Group	Total Strength	Strength of SC/ST			% of SC/ST		
		SC	ST	Total SC/ST	SC	ST	Total SC/ST
A	4251	873	269	1142	20.54	6.33	26.86
B	75	13	21	34	17.33	28.00	45.33
C	11114	2210	109	2319	19.88	0.98	20.87
D	1409	327	9	336	23.21	0.64	23.85
Total	16849	3423	408	3831	20.32	2.42	22.74



Leadership Development

Your Company organised Leadership Development Initiative covering 240 executives involving mix of tools and simulations for mapping their competency against the competency framework. The programme containing individual and group exercises provides an opportunity to display the range of individual behaviour.

Environment Management & Sustainable Development Projects

Your Company is adopting the best Environment management practices and eco conservation measures since inception. The Board of Directors have approved an Environment Policy focusing on clean and green environment.

Your Company's Mines and Thermal Units are accredited with Environment Management Standards of ISO 14001 and Occupational Health and Safety Assessment (OHSAS) 18001.

Towards conservation of ecosystem, mined out land is reclaimed and converted into agricultural lands, orchards, afforestation and ponds. During the Financial Year 2013-14 an area of about 113 hectares of land has been reclaimed in all the three mines in Neyveli. The slopes that are developed owing to dumping of overburden is stabilised with thick green belt development which has various positive impact on the environment. During this financial year, efforts were undertaken to achieve 100 % utilisation of fly ash generated from the Thermal Power Stations.



The Air environment is continuously monitored by Computer Aided Ambient Air Quality Monitoring Station. Water and effluent quality are periodically analysed to check current pollution levels. The stack emission from Thermal power plants are continuously monitored. Both the Ambient Air quality and stack emission are connected to CARE Air Centre of Tamil Nadu Pollution Control Board (TNPCB) and the pollution levels at Neyveli are monitored at TNPCB office.

Your Company has developed a thick green cover in its Industrial Units as well as in the Township area. More than two lakh trees have been planted in and around the Mine and Thermal units during this year alone to maintain ecological balance.

Usage of plastic carry bags has been banned in Neyveli Township area and your Company is also operating a plastic recycle plant wherein waste plastic is converted into tar for usage in road formation.

Your Company has an approved Sustainable Development Policy and as per the same Sustainable Development Projects are undertaken in the area of climate change, eco conservation, water conservation, energy conservation, green energy and sustainability training. In pursuit of the Nation's commitment to act early towards climate change, your Company has taken up collaborative studies with Pondicherry Engineering College on "Sequestration of CO₂ and production of Bio-fuel from flue gas from Thermal Power Plant" and base line study has been completed. Sustainability development training was imparted to women employees.

The aquifer in the Neyveli and surrounding areas is maintained by conservation as well as recharging methods. Utilisation of storm water for domestic and industrial purpose ensures water conservation. Rainwater harvesting and check dam with percolation wells ensures recharge of the aquifer.

Towards its commitment to reduce the Carbon footprint, your Company is implementing renewable energy Projects viz., 51 MW Wind Power Project at Kazhuneerkulam and 10MW Solar Power Project at Neyveli.



Safety

Your Company is taking best efforts in the industrial safety area. Central Safety Wing of the Company conducts Risk Assessment and Safety Audit separately for Mines and Thermal Power Stations in regular periodicity by engaging accredited external agency and the recommendations are implemented. As a result of the above and the concerted efforts taken in creating increased safety awareness among the employees of both departmental and contractual besides organising training programmes like Refresher & Basic courses, job related briefing etc., your Company could achieve Excellent Level in the safety parameters under MoU with the Government for the year 2013-14 and in addition to this overall achievement, zero accident potential was achieved for the year 2013-14 at Mine and Thermal Power Station of Barsingsar and Thermal Power Station-II at Neyveli.

Risk Management

A Risk Cell headed by Chief Risk Officer with Risk Officers in various units of your Company is in place which identifies the risks and suggests mitigation plans. The Risk Management Committee of Board of Directors periodically reviews the identified risks and also the mitigation plans.

Vigilance

Based on the suggestion of the Vigilance Branch, various circulars/guidelines have been issued for streamlining the rules/procedures etc. Vigilance Awareness Week - 2013 was observed from 28.10.2013 to 02.11.2013. As greater transparency facilitates in improving the system & procedure and minimise the scope for corruption, all efforts are taken to improve the transparency by leveraging technology through e-governance initiatives.

MoU with Transparency International

Your Company has signed a Memorandum of Understanding with Transparency International India, part of Asia Pacific forum comprising 20 nations. Transparency International India is the Indian chapter of Transparency International, based at Berlin .

Township

Your Company's Neyveli Township spread over 50.Sq.Kms with about 21,000 residential quarters with a total population of about 1,35,000 is a self-contained unit with all infrastructural facilities that include 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 has also been established in Barsingsar.

Medical Services

Your Company maintains a 355 bedded General Hospital at Neyveli that takes care of the health and medical care needs of its regular employees, contract workmen and their eligible dependants. Delivery of medical care services includes broad specialties like general medicine, general surgery, paediatrics, obstetrics & gynaecology, orthopaedics, ophthalmology, ENT, dermatology, chest medicine and psychiatry, ayurveda and occupational health services. Ayurveda and occupational health services, renders your Company's health care model unique. Clinical support services in Anaesthesiology give the hospital the cutting edge to take up general surgeries and specialised surgeries. Diagnostic support services in clinical laboratory and radiology/imaging services provide the hospital the needed expertise in undertaking wide range of investigations that form the basis for diagnosis and disease management.

Your Company has upgraded the emergency care unit and the laboratory facility with state of the art diagnosing devices like bed side Multi-parameter monitors, nebulizers, defibrillators, central oxygen and suction lines besides ECG, including Tele-ECG. The upgraded minor operation theatre facilitates taking up minor surgical procedures in trauma cases.



During the year under review, 8.08 lakh patients were treated at Out-patient Department (OPD) of the General Hospital, besides treating 1,88,532 patients in the Dispensaries located in Block-29 and Block-30. In addition, 15,959 patients were rendered in-patient treatment.

The General Hospital had organised Family Planning Services, Revised National Tuberculosis Control Programme, National Leprosy Control Programme, AIDS Screening and Control Programme as a part of National Health programmes. Your Company has also embedded crisis listening by instituting MITHRA to help individuals in distress particularly adolescent and late adolescent children who are stressed out due to various scholastic pressures, relationship and emotional problems. MITHRA, functioning since October 2013, is managed by a Psychiatrist and trained volunteers.

Corporate Social Responsibility

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

- An annual budget of not less than 1.5 % 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 a budget of ₹26.30 crore for CSR Projects for the year 2013-14.
- Timeframes and milestones are set through Baseline Survey before commencement of the CSR Projects.
- Initiatives of State/Central Government Departments/Agencies are dovetailed/ synergized with the CSR activities of your Company.

The CSR expenditure of your Company for the year 2013-14 is ₹26.30 crore. The major CSR initiatives undertaken during the year 2013-14 are given below:-

CSR – Peripheral

Members may be aware that a structured Development Scheme is in operation for executing capital works for developing social infrastructure and building Sustainable Community Assets which benefits the villages surrounding Neyveli in Tamil Nadu and Barsingsar in Rajasthan State. Infrastructure development works like drinking water facility by sinking/ maintaining the bore-wells, constructing RCC water tanks, roads, additional school buildings, laboratories, libraries, bridges, additional infrastructure for primary health centres for developing medical facilities, de-silting of lakes etc., are being carried out on the basis of needs and priorities. Works numbering 24 for a value of ₹583.30 lakh have been carried out during the year under review for the benefit of the population in the areas surrounding the operating localities. Continuous supply of water to nearby villages for irrigating over 23,000 acres of land is continued in the Neyveli region.

CSR - Community

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

Neyveli Health Promotion and Social Welfare Society at Neyveli 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 destitutes and gainfully employing them.

CSR focused training programmes were organised for the benefit of the students, teachers and the population of Neyveli locality, in which 5,064 persons participated. Five women and 205 men from various peripheral villages were trained during the year in operation and maintenance of Light Motor Vehicles, Heavy Transport Vehicles, Earth Moving Equipment Operation, Vulcanising, Solar Instruments Assembly, Service & Maintenance and Air Conditioning Machines Maintenance and Repairs.



During the year 2013-14, your Company has contributed ₹250 lakh to the Prime Minister's Relief Fund towards relief and rehabilitation works in the flood affected area of Uttarakhand State.

CSR - Education

Your Company offers best education through its 10 schools – 3 Higher Secondary Schools, 2 High Schools, 3 Middle Schools and 2 Elementary Schools to the wards of employees and also to the students from surrounding villages. During the year under review, the students' strength in these 10 schools was 6746. Apart from this, in the Neyveli Township 15 other schools are also being run by private institutions catering to around 25,000 student population mostly from the surrounding rural villages.

Your Company has imparted motivational and exam-skills training during the year to 2910 girls and 2356 boys of X and XII Standards in Neyveli and 14 peripheral village schools.

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

The establishment of an Industrial Training Institute in Barsingsar village was completed by your Company in the year 2012-13. NCVT approved courses in Horticulture and Electrician trades have commenced from October 2012 and Fitter and Welder trades have commenced from October 2013. During the year, 167 students have been imparted Industrial/Technical Training in these trades.

CSR - Health

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

During the year 2013-14:

- Free medical consultation with minimum anti-biotic therapy and vitamins was extended in 92,912 instances to out-patients from the rural public. Another 25,620 patients were given emergency treatment for various causes.
- Community Health Screening for diabetes, Hypertension and HIV covering 9,740 persons during the Annual Book Fair and Safety Week Celebration was carried out and counseled for behavioural change.
- 12 medical camps were conducted in peripheral villages located in the area surrounding Neyveli Township in Cuddalore District 5204 persons of these 12 villages were screened and given medical advice and medicines through the camps. During the camps, 664 Random Blood Sugar Tests were taken, 229 Electro Cardio Grams were generated and 329 persons were provided with vision glasses. 682 patients were referred for inpatient treatment of which 329 persons underwent the inpatient treatment.

From February 2013 onwards, your Company is providing nutritious food supplement to about 270 HIV affected children belonging to the Cuddalore District HIV Positive Society, Cuddalore.

Your Company has instituted "NLC Chair on CSR" with Institute of Public Enterprise, Hyderabad and contributed ₹100 lakh for the same, as corpus.

ISO Certification

Your Company's Mines and Thermal Power Stations at Neyveli are certified with ISO 9001, ISO 14001 and OHSAS 18001 by reputed agencies for their sound systems and practices. In addition to the above, the Contracts Department, Employee Development Centre and the Vigilance Department have been certified under ISO 9001.



General

Contribution to the cause of Women

Your Company's human resource is represented by 7.5% of Women employees. Programmes on women empowerment were organised during the year under review. Your Company actively participated and deputed women employees for the programmes organised by "Women in Public Sector" (WIPS) under the aegis of SCOPE.

Visit of Parliamentary Committees

During the year the following Parliamentary Committees had visited your Company:

- a. Committee on welfare of Other Backward Classes.
- b. Committee on Industry and Standing Committee on Coal & Steel.
- c. Committee on welfare of SC & ST.
- d. Committee on Vigilance.
- e. Committee on Official Language.

Awards & Recognition

Awards received by your Company during the year 2013-14 are given below:

- SCOPE "Meritorious Award for Environmental Excellence & Sustainable Development." for the year 2011-12, instituted by Standing Conference of Public Enterprises (SCOPE).
- SCOPE award for Excellence and Outstanding contribution to the Public Sector management for the year 2011-12.
- National Energy Conservation Award - 'First Prize under mining domain' for the year 2013 instituted by Ministry of Power, presented by Hon'ble President of India.
- 14th Annual Greentech Environment Award – 2013 (Gold Category) from Greentech Foundation under Thermal Power Sector and Silver Shield Award to Thermal Power Station-I Expn. for being the best coal/lignite based Thermal Power Stations in respect of Environment Management and Energy efficiency for 2012-13, for the second consequent year.
- Greentech CSRAward – 2013 from Greentech Foundation, in Silver Category.

Business Responsibility Report (BRR)

The Business Responsibility Report (BRR) for the year 2013-14, covering the initiatives taken by the Company from an environmental, social and governance perspective forms part of this annual report 2013-14.

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, two Appellate Officers, one Transparency 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 2013-14, under the above Act, 324 numbers of applications containing 1626 queries were received and out of the same 285 applications covering 1432 queries have been replied.



Compliance under Public Procurement Policy

The Ministry of Micro, Small and Medium Enterprises (MSME) has notified the Public Procurement Policy and in terms of the said notification, an annual target for procurement from MSE was set for the three years beginning from the FY 2012-13. The target set for the FY 2013-14 for procurement of such items which are within the scope of MSEs was 15% and as against the same the achievement was 23.01%.

Two Vendor Meets were conducted at Neyveli out of which one meet was conducted exclusively for MSEs.

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 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.Srinivasan, Sundaram & Associates, Cost Accountants, Chennai, were appointed as the Cost Auditor for the year 2013-14, to carry out the cost audit for the Mines & Power Stations of the Company. The Cost Audit Report for the year 2012-13 was filed with the Ministry of Corporate Affairs on 23.09.2013 against the due date of 27.09.2013.

Branch Audit

M/s.Surender K Goyal & Co., Chartered Accountants, Rajasthan, has been appointed as the Branch Auditor for the year 2013-14 by the Comptroller and Auditor General of India (C&AG) for conducting the audit of Mine and Thermal Units at Barsingsar.

Statutory Audit

M/s. Sreedhar, Suresh and Rajagopalan, Chartered Accountants and M/s.P.B.Vijayaraghavan & Co., Chartered Accountants, Chennai, were appointed by the C&AG as the Joint Statutory Auditors for the year 2013-14 under Section 619 (2) of the Companies Act, 1956. The Board of Directors of your Company has fixed ₹18 lakh plus applicable service tax as the Statutory Audit fees, to be shared equally by the Joint Statutory Auditors.

C&AG's Comments

C&AG's Comments on the accounts for the year ended 31st March, 2014 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

Shri.M.B.N.Rao resigned from the Board w.e.f.09.08.2013. Shri. R.Kandasamy relinquished the position as a Director on 30.09.2013 on attaining the age of superannuation. Shri. N.S. Palaniappan, the then Principal Secretary to Government of Tamilnadu, Industries Department, relinquished his Directorship w.e.f.24.10.2013. Sarvashri. S.K. Roongta, L.N. Vijayaraghavan, A.P.V.N. Sarma, V. Murali, and M.M. Sharma relinquished the position as Directors w.e.f.30.09.2013 on completion of three year tenure and Shri. R.K. Mishra also relinquished the position as a Director w.e.f.24.03.2014 on completion of three year tenure.

Dr. Sanjay G Dhande whose three year term of office ended on 25.06.2013 was re-appointed as a Director w.e.f.06.09.2013. Sarvashri. S. Boopathy, C.V. Sankar (Principal Secretary to Government of Tamilnadu, Industries Department) and C.Balakrishnan were inducted into the Board w.e.f.01.10.2013, 18.12.2013 and 23.12.2013 respectively.

The Board places on record its appreciation for the valuable contribution made by Sarvashri M.B.N.Rao, R. Kandasamy, N.S. Palaniappan, S.K. Roongta, L.N. Vijayaraghavan, A.P.V.N. Sarma, V. Murali, M.M. Sharma and R.K. Mishra during their tenure as Directors on the Board of the Company.

Shri. Rakesh Kumar and Shri S. Rajagopal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Acknowledgement

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

The Board of Directors of your Company is pleased to acknowledge with gratitude the co-operation and continued support extended by the Governments of Tamil Nadu & Rajasthan and the District Administration of Cuddalore & Bikaner. The support and co-operation by the Comptroller and Auditor General of India, Statutory Auditors, Branch Auditor, Cost Auditor, Director General of Mines Safety, the Factory & Boiler Inspectorates, Chief Inspector of Factories, Director of Boilers, Central Pollution Control Board, State Pollution Control Board, Chief Controller of Explosives, Regional Labour Commissioner, Regional Provident Fund Commissioner, 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 : 14.08.2014

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR



Annexure-1

A. Conservation of energy

a. Energy Conservation activities carried out in various Units

1. Optimum utilisation of conveyor drives effected by isolating excess drive motors in Conveyors based on the load conditions in different benches in Mine-II.
2. Energy saving Variable Voltage Variable Frequency (VVVF) controls with PLC is introduced in all the Mine II Expansion Machines & conveyors.
3. PLC is introduced in place of contactor circuit in the stockyard supply conveyors system, old B5 Drive heads and in BWE 1422 superstructure and loading unit control circuits.
4. 30 Nos. of 25KVAR new capacitor retrofitted in GWC bore-wells, 50Nos. of 5 KVAR capacitor banks were commissioned in seepage bore-wells.
5. SOLAR Power panel for lighting system was installed in Time office area of TPS-I Expansion and 3 Nos, of Solar based stand alone street pole lights are installed in substation in Mine-II.
6. Replacement of conventional tube lights with energy efficient LED lamps in BWE machines, drive heads and in offices of Mine-II and replacement of 80 numbers of street light fitting of 70w HPSV by 2x18W CFL. 150W High Power Sodium Vapour (HPSV) street light fittings with 70W HPSV street light fittings. 52 numbers of 4x20W Tube Light fittings were replaced with 3x14W T5 light fittings were done in TPS-I Expansion.
7. Re-arrangement & Clubbing of loads on 25/30 MVA, 230/11KV Transformer in Sub Station were done during low loading periods like conveyor shifting, re-routing & during overhaul etc., resulting in isolation of one 25/30 MVA power transformer to get optimum utilisation of loading capacity & saving of energy in Mine-II.
8. Timers have been introduced to switch off street lights in Mine-I, Mine-IA and Township.
9. In New Surface Bench system, Lignite Bench System and Top Bench System, Conveyors length and leads were optimised and numbers of conveyors were reduced thereby lowering the Specific Energy Consumption in Mine -I.
10. Replacement of Damaged fills in the cooling towers and cleaning of silt deposit in cooling tower number 5 in TPS-I was carried out which resulted in improvement of condenser vacuum and thereby saving in the consumption of Lignite.
11. Stopping of third to last rows of ash transporters operation below ESP for 12hrs during the day when firing good quality of lignite, to reduce consumption of compressed air and to stop one compressor at that time in TPS-I Expansion.
12. Replacement of 42 numbers of standard LT motor (415V) of various capacities with similar capacity Energy Efficient Motor (EFF2) for auxiliary drives in TPS-II.
13. As an energy saving measure and to meet Energy conservation target, a solar power plant was commissioned as a 'Renewable Energy' project to conserve Power at Neyveli Central Library catering the 2 KW load of Reading room in Township.



b. Additional Investments proposal for the year 2014-15

The estimated cost of additional investment proposals for reduction of energy consumption is ₹699.83 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 in various Units and as well as other improvement / conservation measures resulted in a saving of 1.7 Million Units for the year 2013-14.

B. Technology Absorption

Efforts made in technology absorption

As per Form-B annexed.

Total foreign exchange earnings and outgo

Total foreign exchange used : ₹52.88 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. In the Coal S&T Project “Development of customised Organic Coatings for corrosion protection of specialised mining equipments at Neyveli Lignite Mines”, paint schemes were formulated and supplied by Central Electrochemical Research Institute, Karaikudi (CECRI) based on the initial corrosion studies. Coatings were done in one of the Bucket Wheel Excavators in Mine-I & II and deployed into operation. The performance will be evaluated further.
- ii. In the ongoing Coal S&T project “Enhancing Life of De-watering pipes Coal/Lignite Mines by prevention of Erosion-Corrosion with Nano-Crystalline surface Engineering treatments” soil and water samples were collected and characterised to assess the overall profile of corrosion environment in mines and influential factors that affect the life of pipes were identified. The mode of interaction and the level of interaction are modelled to figure out the model of pipe failures.
- iii. Laboratory scale column tests were carried out in the project ‘Studies on Synthesis of Zeolites from Lignite Fly Ash and its efficiency in Cooling Water Treatment’ to determine performance of the zeolite pellets produced from lignite fly ash, in continuous operation. Based on the data generated from lab scale column studies, the size of the softener column for pilot plant scale operation was identified.
- iv. In the project ‘Utilisation of Bottom Ash for the replacement of river sand’ Hindered settling bench scale facility was established in CARD for feasibility studies on the removal of un-burnt carbon in bottom ash by wet method. Carbon removed bottom ash samples were sent to Vellore Institute of Technology to study its suitability for construction purposes. Construction of a Model building, with partial replacement of sand, is in progress to validate the laboratory findings.
- v. In the project ‘Reclamation of Slag Dump areas in Mine-II suitable for development of Green Cover’ detailed soil investigations was completed. Since the entire areas is highly acidic and devoid of major plant nutrients suitable amendments to alleviate the adverse soil condition were identified and suitable tree species were also selected. Planting of trees were commenced and further evaluation works are progress.
- vi. Stabilisation of haul roads with chemical additives is a promising solution to prevent deterioration of haul roads and reduce dust emission. In the joint research project ‘Laboratory study on the stabilisation of haul roads inside open cast mines’ with Indian Institute of Technology, Hyderabad (IITH), physical and engineering properties of soil collected from NLC mines have been studied at IITH. IITH has identified polymer based chemical additives and further studies are in progress.
- vii. A joint research consultancy project “Delineating of buried sub-surface objects, hard bands in open-cast mines” taken up in association with Indian Institute of Technology, Madras (IITM) with the duration of two years. A Memorandum of Understanding (MoU) was signed on 28.03.2014. The study aims to find buried objects in mines using Ground Penetration Radar technology.



- viii. M/s KOBELCO, Japan gave a presentation on the outcome of the study carried out to upgrade the lignite. The techno economic feasibility of the study was also presented to NLC for upgradation of lignite and power generation in the Ultra Super Critical Boiler (USCB)/ Sub-Critical Boiler. An MoU is to be signed for undertaking a pilot plant scale project.
- ix. Discussions are in progress with M/s. Environmental Clean Technology in developing technology to produce lignite pellets of high calorific value with less moisture.
- x. Centre for Applied Research & Development (CARD) has been granted NABL accreditation for chemical and mechanical testing by National Accreditation Board for Testing and Calibration Laboratories (NABL). The Accreditation has been granted for a period of two years from 17th December, 2013. The accreditation of the laboratory is based on the international standard ISO/IEC 17025:2005 and meets the principles of ISO 9001 that are relevant to scope of testing services as well as technical competency of the laboratory.

II. Benefits derived as a result of R&D

Six licenses were issued to commercialise the patented process of potassium humate production from lignite, through M/s. NRDC, so far.

III. Future Plan of action

- i. Studies on the Development of Rapid greening of NLC Mine spoil slopes using advanced hydro seeding techniques.
- ii. Exploration of deep seated lignite in Ramnad area for Underground Coal Gasification.
- iii. Modern mechanised solid waste – garbage disposal system for the Neyveli Township.
- iv. Remote energy meter recording in Neyveli Township.
- v. Study of satellite imagery for the identification of North West flowing streams from the recharge zone and locating suitable sites for developing recharge structure to arrest and divert the run-off water into Neyveli ground water basin, Cuddalore district, Tamil Nadu.
- vi. Utilisation of Pond Ash for construction activities.
- vii. Production of Bio-mass Energy utilising weed/waste vegetation growth at Mine-II.
- viii. Studies on the Sustainability of Integrated Farming System and Reclamation of Mine closure strategy development.

IV. Expenditure on R&D

(₹ in lakh)

Sl. No.	Description	Funded by		Total
		NLC	Other Agencies*	
1	Capital	113.04	0.00	113.04
2	Recurring expenditure	1321.02	6.97	1327.99
3	Total expenditure	1434.06	6.97	1441.03
4	Total R&D expenditure as % on turnover	0.24	-	0.24

* S&T projects funded by Ministry of Coal.



Management Discussion and Analysis Report

Industry Structure and Development

Coal and Lignite continues their dominant role in the commercial energy spectrum of India consequent to the limited availability of other conventional sources of energy. India has the fifth largest coal reserves in the world. Out of the Indian coal reserves, nearly 88% are non-coking coal, while tertiary coals reserves account for a meagre 0.5% and the balance is coking coal. The Indian coal is characterised by its high ash content (45%) and low sulphur content.

Two-third of the total production of commercial energy is from domestic production of coal and lignite. As envisaged in XII Plan this is expected to remain the same till 2021-22. As per Geological Survey of India (GSI), the present geological reserves of Coal in India as on 01.04.2014 was 301.56 BT for coal seams of 0.9 metre and above and upto a depth of 1200 metre. The proved category is 125.91 BT and the indicated category is 142.51 BT and the remaining 33.15 BT is of inferred category. As per the provisional coal statistics published by Coal Controller's Organisation under Ministry of Coal, the total coal extracted since 1950 upto 2013-14 is around 12.53 BT.

Lignite deposits predominantly occur in the tertiary sediments in the States of Tamilnadu, Puducherry, Kerala, Gujarat, Rajasthan and Jammu & Kashmir and are far away from coal deposits of the country. Lignite mining in the country is carried out by opencast mining methods. Your Company's lignite Mine is the largest opencast Mine in the country adopting eco friendly technology. As the nodal agency for lignite exploration and exploitation schemes in the country, your Company 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.

Lignite Inventory as on 01.04.2014

The total geological resource of lignite of the country stands at 43246.69 MT as on 01.04.2014. Of these, 6180.89 MT belongs to Proved, 26282.67 MT belongs to Indicated and 10783.10 MT belongs to Inferred categories. This inventory dealt with total gross geological resources assessed so far from the various lignite fields of India and did not take into account the mined out reserves. Different exploiting agencies have mined out 44.26 MT of lignite during the year 2013-14. The total lignite extracted till 31.3.2014 from different lignite mines of India is around 807.59 MT.



The State-wise and category-wise break-up of Indian Lignite Resources as on 01.04.2014 is as follows:

(Reserve in million tonnes)

Sl. No.	State	Proved (MT)	Indicated (MT)	Inferred (MT)	Total (MT)	% to Total
1.	Puducherry	0.00	405.61	11.00	416.61	0.96
2.	Tamil Nadu	3735.22	22900.05	7712.43	34347.71	79.43
3.	Rajasthan	1167.02	2671.93	1881.38	5720.35	13.23
4.	Gujarat	1278.65	283.70	1159.70	2722.05	6.29
5.	Jammu & Kashmir	0.00	20.25	7.30	27.55	0.06
6.	Kerala	0.00	0.00	9.65	9.65	0.02
7.	Paschim Banga	0.00	1.13	1.64	2.77	0.01
	Grand Total	6180.89	26282.67	10783.10	43246.69	100.00

Under Ground Coal Gasification/Coal Bed Methane

In order to exploit the deep seated lignite deposits which are not amenable for conventional mining alternate technologies such as Underground Coal Gasification (UCG) and extraction of Coal Bed Methane (CBM) are 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 (RSPCL) for implementing UCG projects in Rajasthan through a developer agency on profit sharing basis. Your Company has also invited Expression of Interest (EOI) for carrying out UCG study in Rajasingamangalam area, Ramanathapuram District, Tamilnadu, for which two proposals have been received and are under evaluation.

Further, your Company and RSPCL have proposed to enter into an MoU for undertaking UCG project in Nagurda lignite block in Rajasthan, for which the MoU is under finalisation.

Coal Demand and Supply

Coal continues to remain the dominant primary energy source in generation of power and accounts for 67% of the total power generation of the country. The overall long-term demand of coal is closely linked to the performance of the end use sectors viz., electricity, iron, steel and cement. Small scale sector comprising primarily of the brick and ceramic industry switch between coal, firewood and biomass depending on their relative prices. Other industries using coal have only a marginal impact on the long-term demand for coal.

The report of the Working Group on coal and lignite for the XII Year Plan projects the demand for coal in India to grow at a Compounded Annual Growth Rate (CAGR) of 7.1% till 2016-17 and reach 980.5 MT annually under realistic demand. At a CAGR of 7%, the demand is expected to reach 1373 MT by 2021-22.

The Working Group report also mentions that in India, currently around 90% of the coal is being produced through opencast method and about 10% through underground methods. With the present opencast mining method it is possible to extract about 90% of the resource where as in case of underground mining the extraction percentage ranges between 20% and 70%. In order to maximise the level of exploitation in underground mining, there is a need to adopt modern appropriate innovative technology. The report further mentions that for future resource use, environmental protection and land use, the next generation opencast mines have to be planned considering deep opencast mining of 500m depth and beyond; extending and deepening existing opencast mines; planning of Super Pits/mega mines of 25-30 MT per annum capacity and more.



Lignite Demand and Supply

The Working Group on coal & lignite projected the total lignite demand at 300.30 MT for the entire XII Plan based on the installed capacity and anticipated increased demand for lignite from other sectors. The demand for lignite projected at the terminal year of XII Plan & XIII Plan are 71.96 MT and 108.62 MT respectively. The actual lignite production in the country is 44.263 MT for the year 2013 -14.

The Working Group in their report has envisaged the total Lignite production at 290.16 MT for the entire XII Plan and the availability at the terminal years of XII Plan and XIII Plan are projected at 68.60 MT and 104.55 MT respectively.

Power

India is the fourth largest consumer of energy in the world after USA, China and Russia but it is not endowed with abundant energy resources. It must, therefore, meet its development needs by using all available domestic resources of coal, uranium, oil, hydro and other renewable resources and supplementing domestic production by imports.

Coal dominates the country's energy mix with a robust 52% share in primary energy consumption followed by Oil at 30% and gas at 10%. Other sources include 2% hydroelectricity and less than one percent nuclear energy.

During XII Plan period, the demand for energy is expected to increase as the economy grows and access in rural areas expands. According to XII Five Year Plan the annual actual growth rate of the total energy requirement is expected to accelerate from 5.1% per year in XI Plan to 5.7% per year in XII Plan and 5.4% per year in XIII Plan. As per 18th Electricity Power Survey, share of consumption of electricity in domestic category is in the range of 34 to 35% and a slight increase from 22% to 25% is expected in commercial category.

Demand and Production

Rapid urbanisation coupled with development of infrastructure is bound to result in growth of electricity demand by the end of XII and XIII Plan periods. Working group for the XII Plan has projected 9.8% growth in power generation during XII Plan period. 18th Electricity Power Survey (EPS) has projected an all India peak demand of 199540 MW at the end of XII Plan and an energy requirement of 1355 billion units. The pace of capacity addition which picked up in XI Plan is expected to continue during XII Plan period also. 18th EPS has further stated that, to meet this projected demand, capacity addition of 88,537 MW is required during XII Five Year Plan. The share of renewable energy is expected to rise from 6% in 2012 to 9% in 2017 and 16% in 2030.

SWOT analysis

Strength

- Being a "Navratna" Company having rich experience and expertise in open cast mining and power generation.
- Availability of lignite and water for power generation.
- Highest domestic credit rating.
- Committed and experienced workforce.
- Cordial and harmonious industrial relations.



Weakness

- Aquifer with high upward pressure beneath the lignite seam leading to high pumping of water to depressurise for safe mining leading to higher cost of production.
- Adverse stripping ratio leading to increase in cost of mining.
- Higher moisture content in Lignite and decrease in its calorific value.

Opportunities

- Growing demand for energy.
- Thrust by Government of India for development of power
- Policy initiatives/incentives for power sector.

Threats

- Delayed payment of power bills by State beneficiaries.
- Resistance to land acquisition, Demand for enhanced compensation, demand for employment and higher cost Rehabilitation & resettlement measures for land evictees
- Impact of draft notification of CERC for 2014-19 particularly regarding Income tax reimbursement , incentive and operational norms
- Increasing cost of input above the regulatory cap

Segment-Wise Performance

Covered in the main report.

Outlook

At present your Company operates three opencast lignite mines at Neyveli, Tamilnadu and one opencast lignite Mine at Barsingsar in the State of Rajasthan with a total mining capacity of 30.6 MTPA. These mines are linked to three thermal power stations at Neyveli and one thermal power station at Barsingsar with a total power generation capacity of 2740 MW. Besides, a 1000 MW lignite based Neyveli New Thermal Power Project, as a replacement to 600 MW old TPS-I and 500 MW TPS-II Expansion at Neyveli are under implementation. As a measure of green energy development your Company is also implementing 51 MW Wind Power Project at Kazhuneerkulam and 10 MW Solar Power Project at Neyveli. The projects under consideration includes, Bithnok Thermal Power project (250 MW), Barsingsar extension power project (250 MW), Sirkali Coal based coastal power project (4000 MW), 2nd phase Solar Power Project of 15 MW, Barsingsar Solar Power Project (10MW) Bithnok Mine (2.25 MTPA), Hadla Mine (1.9 MTPA) and capacity additions on account of restructuring of Mine-I and Mine-IA (1.50 MTPA). By implementing the above projects and also taking into account the Subsidiary Company's projects viz., NTPL (1000 MW) and NUPPL (1980 MW), the total power generation capacity will be 11,206 MW and the total lignite mining capacity will be 36.25 MTPA and all these projects are expected to be commissioned by the end of XII and XIII Plan period.

Pachwara South and Jilga Barpali coal blocks have been allocated to NUPPL and your Company respectively for establishing coal linkage to the proposed Ghatampur Thermal Power Station, Uttar Pradesh and Sirkali Coal based Coastal Power Project, which are expected to be commissioned at the end of XII/XIII Plan respectively. Preliminary activities towards development of these coal blocks are in progress.



JV Projects

Your Company in joint venture with TANGEDCO is implementing 1000 MW coal based power project at Tuticorin, Tamilnadu through NLC Tamilnadu Power Limited, the Subsidiary Company. This project is expected to be commissioned during 2014-15. Besides 1980 MW coal based thermal power project which is proposed for implementation jointly with UPRVUNL through the Subsidiary Company NUPPL is expected to be commissioned during XII/ XIII Plan period.

Renovation and Modernisation

Your Company has identified three units of Thermal Power Station-II, Stage-I for Renovation and Modernisation. These three units of 210 MW constructed in Stage-I were commissioned between 1986 and 1988. All the three Units have completed 25 years of operation. After carrying out Residual Life Assessment (RLA), it has been decided to implement Life Extension Programme (LEP) in order to sustain the units for a further period of more than 15 years at an estimated cost of ₹435 crore to be incurred over a period of 8 years. The programme is under implementation. The Life Extension Programme is planned and carried out in such a way that there are no major shut downs in any year.

Coal Assets Abroad

In order to ensure fuel security for the coal based power projects, your Company plans to acquire coal assets abroad and in this connection had floated an Expression of Interests (EOI). Based on the response to the EOI it has been decided to further process the offers received from the firms having explored Mine field and are on the lookout for partners to develop the said Mine. Technical, financial and legal diligence studies in the order of priority with respect to reserve size of the Mine field will be carried out and necessary action has been taken to appoint the consultant for carrying out the above studies.

Information Technology Developments

- The Company is in the process of moving towards ERP (Enterprises Resource Planning) solution. The Company is implementing SAP- ERP in FICO (Finance and Controlling) and HR (Human Resources) in the first phase.
- The Online Vendor Payment details are hosted in the Company's website for transparency in the payment system.

Risks and Concerns

- Resistance to acquisition of land for mining and thermal power projects.
- High compensation towards acquisition of lands and demand for employment from the land owners.
- Higher expenditure towards resettlement and rehabilitation activities.
- Lignite seam washout condition and thin lignite seams in the operating mines.
- Stiff resistance from public against initiating action towards development of mines in the allotted coal blocks.
- Delay in implementation of the projects due to litigation by the bidders while processing the tenders.
- Shortage of skilled man-power deployment and delays by the Package Contractors in mobilisation and execution of the projects.
- Adverse weather and natural disasters, such as heavy rains particularly in Neyveli which is located in the monsoon belt and prone to cyclones, flooding and other natural events affecting operations.
- Restrictions on the amount of water that could be drawn for mining operations.



- Environmental matters and pollution control, including forest land related approvals.
- GOI tariff policy issued in January 2006 stipulating that requirement of power should be procured through tariff based competitive bidding.
- Credit risk on trade receivables from customers.
- Surrender of power by beneficiaries.

Internal control systems and their adequacy

The Company has a 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. The internal audit is conducted by five external firms of Chartered Accountants covering all the offices/units and their reports are periodically reviewed by the Audit Committee.

The 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, 2014, the Board of Directors of your Company comprised an Executive Chairman, five Executive Directors, two Non-executive Directors and two Independent Directors. The said composition is not fully complying with 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, 2014 and other details are furnished below:

Sl. No.	Name (Sarvashri)	Designation	Other Directorships* held as on 31.03.2014	Other Committee** Memberships held as on 31.03.2014	
				As Member	As Chairman
Executive Directors					
1	B. Surender Mohan	Chairman-cum-Managing Director	2	-	-
2	Sarat Kumar Acharya	Director (Human Resource)	-	-	-
3	Rakesh Kumar	Director (Finance)	2	1	-
4	S. Rajagopal	Director (Power)	2	-	-
5	M.S. Ravindranath	Director (Mines)	-	-	-
6	S. Boopathy	Director (Planning & Projects)	2	2	-
Non-executive Directors					
7	Dr. A.K. Dubey	Additional Secretary to Government of India, Ministry of Coal - Part-time official Director	1	-	-
8	C.V. Sankar	Principal Secretary to the Govt. of Tamil Nadu, Industries Department - Part-time official Director	15	-	-
Independent Directors					
9	Dr. Sanjay G Dhande	Part-time Non-official Director	1	-	-
10	C. Balakrishnan	-do-	3	1	1

* Private Limited Companies and Section 25 Companies are excluded.

** Audit Committee and Stakeholders Relationship 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), borrowings, 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 2013-14, 10 meetings of the Board of Directors were held on the following dates:

30th April, 2013, 28th May, 2013, 18th July, 2013, 9th August, 2013, 6th September, 2013, 26th September, 2013, 26th October, 2013, 17th December, 2013, 30th January, 2014 and 20th March, 2014.

The details of attendance of Directors at the Board Meetings held during the financial year 2013-14, are as under:

Name (Sarvashri)	No. of meetings attended out of 10 held	Remarks
B. Surender Mohan	10	
Sarat Kumar Acharya	10	
Rakesh Kumar	10	
S. Rajagopal	10	
M.S. Ravindranath	9	
S. Boopathy	4	Inducted w.e.f. 01.10.2013
R. Kandasamy	6	Relinquished on 30.09.2013 on superannuation
Dr. A.K. Dubey	8	Inducted w.e.f. 03.04.2013
C.V. Sankar	-	Inducted w.e.f. 18.12.2013
N.S. Palaniappan	-	Relinquished w.e.f. 24.10.2013
Dr. Sanjay G Dhande	5	Relinquished w.e.f. 26.06.2013 and Inducted w.e.f. 06.09.2013
C. Balakrishnan	2	Inducted w.e.f. 23.12.2013
S.K. Roongta	2	Relinquished w.e.f. 30.09.2013
L.N. Vijayaraghavan	6	Relinquished w.e.f. 30.09.2013
A.P.V.N. Sarma	4	Relinquished w.e.f. 30.09.2013
M.B.N. Rao	2	Resigned w.e.f. 09.08.2013
M.M. Sharma	6	Relinquished w.e.f. 30.09.2013
V. Murali	6	Relinquished w.e.f. 30.09.2013
R.K. Mishra	8	Relinquished w.e.f. 24.03.2014



Annual General Meeting Attendance

Shri. B. Surender Mohan, CMD, Shri. R. Kandasamy, the then Director (Planning & Projects), Shri. Sarat Kumar Acharya, Shri. Rakesh Kumar, Shri. S. Rajagopal, Shri. M.S. Ravindranath, Directors and Shri. L.N. Vijayaraghavan, Shri. M.M. Sharma, Shri. V. Murali and Shri. R.K. Mishra, the then Directors had attended the last AGM held on 6th September, 2013.

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 Rakesh Kumar, S. Rajagopal, M.S. Ravindranath and S. Boopathy, Directors as its Members.

Project Sub-Committee

The 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 Rakesh Kumar, S. Rajagopal, M.S. Ravindranath, S. Boopathy and Dr. Sanjay G Dhande, Directors as its Members.

Audit Committee

The Committee presently comprises Dr. Sanjay G Dhande, Director as its Chairman and Sarvashri C. Balakrishnan, S. Rajagopal, Directors as its Members. The terms of reference of Audit Committee conform to the requirements of Section 177 of the Companies Act, 2013, Clause-49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines on Corporate Governance.

The details of attendance of members for the Audit Committee meetings held during the year 2013-14 are as under:

Name of the Director (Sarvashri)	No. of meetings held during the period of Office	No. of meetings attended
V. Murali	4	4
L.N. Vijayaraghavan	4	4
M.B.N. Rao	2	1
R.K. Mishra	7	4
Dr. Sanjay G Dhande	3	3
C. Balakrishnan	2	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 up to the value delegated by the Board. This Committee presently comprises Shri B.Surender Mohan, CMD as its Chairman and Sarvashri Sarat Kumar Acharya, Rakesh Kumar and M.S.Ravindranath, Directors as its Members.

Sub-committee for Resource Mobilisation

This Committee presently comprising Shri B.Surender Mohan, CMD as its Chairman and Sarvashri Rakesh Kumar, S. Rajagopal and M.S. Ravindranath, 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. 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 Dr. Sanjay G Dhande, Director as its Chairman and Sarvashri C. Balakrishnan and Rakesh Kumar, Directors as its members, accords approval for issue of Share Certificates against split/consolidation/duplicate share/bond certificate requests and also for issue of share/bond certificates against rematerialisation requests and in lieu of mutilated certificates.

Stakeholders Relationship Committee

In terms of the provisions of the Companies Act,2013, the existing Shareholders/Investors Grievance Committee has been renamed as Stakeholders Relationship Committee. This Committee presently comprising Shri. C. Balakrishnan, Director as its Chairman and Dr. Sanjay G Dhande and Shri. Rakesh Kumar, Directors as its Members, look into the redressal of Stakeholders/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, 149 complaints were received from the shareholders/ investors, generally pertaining to non-receipt of dividend and Annual Report. As per the report received from the Share Transfer Agent, there were 2 complaints pending for redressal as on 31.03.2014 and all have been redressed during the month of April 2014. As reported by the STA & DR, all share transfers received upto 31st March, 2014 have been processed.

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 Rakesh Kumar, S.Rajagopal, and M.S.Ravindranath, 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.



Nomination and 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 had earlier constituted the Remuneration Committee and during the year 2013-14, this Committee met on one occasion and all the Members attended the meeting excepting Shri. S.K. Roongta, the then Director.

The Board of Directors have accorded approval for renaming the above Remuneration Committee as "Nomination and Remuneration Committee" and has also accorded approval for reconstitution of the above Committee with Shri. C. Balakrishnan, Director as its Chairman, Dr. Sanjay G Dhande, Shri. C.V. Sankar Directors as its Members, Shri. Sarat Kumar Acharya as its Member Convener and Shri. Rakesh Kumar as permanent invitee.

Corporate Social Responsibility Committee

The Board had constituted earlier Sub-committee on Corporate Social Responsibility and Committee on Sustainable Development. In terms of Department of Public Enterprises Guidelines the Sub-committee on Corporate Social Responsibilities and Committee on Sustainable Development have been clubbed and presently renamed as CSR Committee. This Sub-committee presently comprise Shri. C. Balakrishnan, Director as its Chairman, Shri. M.S. Ravindranath, Director as its Member and Shri. Sarat Kumar Acharya, Director as its Member-Convener.

Risk Management Committee

The Risk Management Committee has been constituted by the Board of Directors of the Company to review the periodic reports on risk matters and submit appropriate recommendations to Board. This Committee presently comprises Shri C. Balakrishnan, Director as its Chairman and Sarvashri S. Boopathy, Rakesh Kumar and Dr. Sanjay G Dhande, Directors as its Members.

Remuneration Details

The details of remuneration paid to the following Executive Directors during the year 2013-14 are as under:

Sl. No.	Name of the Director (Sarvashri)	Salary for the year (₹)	Benefits (₹)	Performance Related Pay (₹)*
1.	B. Surender Mohan	24,80,907	17,50,052	12,86,256
2.	Sarat Kumar Acharya	22,41,961	7,86,997	11,90,271
3.	Rakesh Kumar	21,55,157	3,79,656	-
4.	S. Rajagopal	21,41,372	5,02,578	-
5.	M.S. Ravindranath	21,30,929	14,98,772	-
6.	S. Boopathy	10,64,556	11,57,910	-

* PRP for 2011-12 paid in 2013-14.

Note: For Sl. No. 3-6 - since joined as a Director subsequent to the year 2011-12 no PRP was paid for that year.

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 2013-14 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 fee @ ₹20,000/- for attending the meetings of the Board of Directors and ₹15,000/- for the meetings of the Sub-Committees thereof.

The details of sitting fees paid to Independent Directors during the year 2013-14 are as under:

Sl. No.	Name of the Director (Sarvashri)	Sitting fee paid for (₹)	
		Board Meetings	Committee Meetings
1.	Dr. Sanjay G Dhande	1,00,000	1,65,000
2.	S.K. Roongta	40,000	-
3.	L.N. Vijayaraghavan	1,20,000	90,000
4.	A.P.V.N. Sarma	80,000	45,000
5.	M.B.N. Rao	40,000	15,000
6.	M.M. Sharma	1,20,000	60,000
7.	V. Murali	1,20,000	1,05,000
8.	R.K. Mishra	1,60,000	1,65,000
9.	C. Balakrishnan	40,000	30,000

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

There were 1300 equity shares pertaining to 6 shareholders lying unclaimed as on 01.04.2013. During the year 2013-14, no claim was received from any of the above shareholders.

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, 2014".

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 2010-11	12.09.2011 11.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai - 600 018.
AGM 2011-12	14.09.2012 11.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai - 600 018.
AGM 2012-13	06.09.2013 11.00 Hrs	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai - 600 018.



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, 2013.

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. No Presidential Directive was received during the year and also in the last 3 years.

The Statutory Auditors, in their certification on compliance of Corporate Governance conditions for the year 2013-14, had observed that the Company had not complied with the condition of having not less than 50% of Board of Directors comprising Non-executive Directors during the period from 30th September, 2013 to 31st March,2014 and the requirement to have at least half of the Board comprising of Independent Directors during the period from 26th June 2013 to 31st March,2014.

In response to the above observations, it is stated that since the Company is a Government Company and as per the Articles of Association of the Company, the power to appoint Directors vests with the President of India. The issue relating to the appointment of the required number of Independent Directors on the Board of the Company in compliance of Corporate Governance conditions has been referred to the Ministry of Coal, the Administrative Ministry and said appointments are under process.

Means of Communication

The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The quarterly financial results are generally published in Business Line and Dinamani (Tamil) while the annual financial results are generally published in The Hindu, Business Line, The Economic Times, The Financial Express, Business Standard, New Indian Express (Tamil Nadu) 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 Exchange and in the website of NSE & BSE. 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 : 24th September, 2014 - Wednesday - 15.00 Hours
 "Sathguru Gnanananda Hall", Narada Gana Sabha,
 No. 314, TTK Road, Alwarpet, Chennai - 600 018.

Financial Calendar for the year 2014-15

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 financial 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 2013-14 as quoted at the Bombay Stock Exchange & National Stock Exchange and its comparative performance with the broad base BSE Sensex & NIFTY during the same period were as under:

Month	Share Price (BSE) (₹)		Share Price (NSE) (₹)		BSE SENSEX		NIFTY	
	High	Low	High	Low	High	Low	High	Low
April 2013	72.90	66.40	72.80	65.80	19,623	18,144	6019	5477
May 2013	74.10	64.50	74.20	64.35	20,444	19,451	6229	5928
June 2013	67.00	52.20	67.00	52.50	19,860	18,467	6011	5566
July 2013	63.60	53.50	63.90	53.25	20,351	19,127	6093	5676
Aug.2013	59.00	49.00	58.90	48.65	19,569	17,449	5809	5119
Sep.2013	59.00	54.45	59.50	54.00	20,740	18,166	6143	5319
Oct. 2013	60.80	55.15	60.80	55.25	21,205	19,265	6309	5701
Nov.2013	70.30	56.30	70.90	57.00	21,322	20,138	6343	5972
Dec.2013	65.65	57.00	66.00	57.15	21,484	20,569	6415	6130
Jan. 2014	64.00	54.55	63.80	54.60	21,410	20,344	6358	6027
Feb.2014	59.25	55.05	58.10	55.20	21,141	19,963	6283	5933
March 2014	61.75	55.20	61.75	55.40	22,467	20,921	6730	6212

Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 15.09.2014 to 24.09.2014 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for final dividend, if any, declared at the ensuing Annual General Meeting.

Dividend payment date

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

Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges upto the year 2014-15.

**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 for Investor Servicing constituted with senior officers of the Company, which meets depending upon the requirement.

Shareholding Pattern

The Shareholding Pattern of the Equity Share Capital of the Company as on 31st March, 2014 is as under:

Category	No. of Shares	% to total
President of India	1509938640	90.00
Financial Institution-State Government	59701260	3.56
Financial Institutions / Banks	1797609	0.11
Insurance Companies	77883497	4.64
Mutual Funds/ UTI	268464	0.02
Bodies Corporate	2886921	0.17
Foreign Institutional Investors	514272	0.03
NRI	1252944	0.07
Public	23070257	1.38
Clearing Members	329372	0.02
Others	66364	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: corpserv@integratedindia.in

Distribution of Shareholding as on 31.03.2014

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of shares	Percentage of shareholding
1 - 500	93670	92.76	11970828	0.71
501 - 1000	4199	4.16	3445241	0.21
1001 - 2000	1698	1.68	2606112	0.16
2001 - 3000	511	0.51	1334663	0.08
3001 - 4000	226	0.22	824699	0.05
4001 - 5000	202	0.20	955293	0.06
5001 - 10000	280	0.28	2072480	0.12
10001 and above	192	0.19	1654500284	98.61
Total	100978	100.00	1677709600	100.00

Trustees to Neyveli Bonds 2009

M/s. IDBI Trusteeship Services Ltd., Vishawastha Bhavan, 1st Floor, 218 Pratapganj Peth, Satara - 415002. Telefax : 02162 - 280075



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, 2014, equity shares numbering to 167,50,38,675 (99.84%) 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. A thermal power plant of the Subsidiary Company (NTPL) is under construction at Tuticorin, in the State of Tamilnadu. A thermal power plant will be set up in Ghatampur in the State of Uttar Pradesh and a coal mine in Pachwara South, in the State of Jharkhand, will be developed by NUPPL, the Subsidiary Company, on obtaining the sanction of GOI.

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). The 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 2(45) of the Companies Act, 2013, the remuneration of Executive 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 a wide circulation in the State of Tamil Nadu and hence the financial results are not being sent individually to the shareholders. Further, as required under the Listing



Agreement, the results of the Company are also furnished immediately to the Stock Exchanges and also uploaded in the Company's website 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 and in the website of NSE & BSE.

Audit Qualifications

It is always the Company's endeavour to present unqualified financial statements. The Audit Report for the year 2013-14 does not contain any audit qualifications.

Training of Board Members

The Company has a policy to provide training to Board Members. 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 the 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 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.

As a measure of preventive vigilance and to create awareness about the rules and procedures, the Vigilance Branch is carrying out surprise checks regularly. Based on the suggestion of the Vigilance Branch, various Circulars/guidelines have been issued by the various units/corporate management regarding streamlining the rules/procedures etc.

All efforts are taken to improve the transparency by leveraging of technology through e-governance initiatives by improving the system and procedure and minimise the scope of corruption.

* * *



Annexure-4

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

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

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 2014 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 Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the Listing Agreement and in DPE guidelines except for the following:
 - a. **As per the requirements of Clause-49 of the Listing Agreement and DPE Guidelines, the Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors. However, this has not been complied with by the Company from 30th September 2013 to 31st March 2014.**
 - b. **As per the requirements of Clause-49 of the Listing Agreement and DPE Guidelines, where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of independent Directors. However, this has not been complied with by the Company from 26th June 2013 to 31st March 2014.**
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. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 003957S

S. Subramaniam
Partner
M.No.: 025433

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

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

Place : Chennai
Date : 23.05.2014



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, 2014.

The preparation of financial statements of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2014 in accordance with the financial reporting framework 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 Standards on Auditing 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 23.05.2014.

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, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

G. SUDHARMINI

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

Place : Chennai
Date : 11.08.2014



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

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

Independent Auditors' Report

To

The Members of Neyveli Lignite Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Neyveli Lignite Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- 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 the Cash Flow Statement, of the cash flows for the year ended on that date.



Emphasis of Matter

Attention is invited to:

- a) Note No:11(c) to the Financial statements regarding Capitalisation of Interest and Overheads for the delayed project of Thermal Power Station II Expansion.
- b) Note No:23(a) to the Financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternative Tax rate for calculation of Return on Equity as per Central Electricity Regulatory Commission (CERC) Regulation.
- c) Note No:25(d) & (e) to the Financial statements regarding Power tariff final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.
- d) Note No: 37 to the Financial statements regarding accounting of Foreign Exchange Rate Variation (FERV) recoverable/payable from beneficiaries which is as per opinion of Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI).

Our opinion is not qualified in respect of these matters mentioned above.

Report on other Legal and Regulatory Requirements

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

As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our 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 Auditor's Report has been forwarded to us and has been appropriately dealt with.
- c) 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 received from Rajasthan branch not visited by us.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) 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.
- f) 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.

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

S. Subramaniam
Partner
M.No.: 025433

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

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

Place : Chennai
Date : 23.05.2014



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, a sum of ₹0.41 crore has been retained as Provision for possible loss of asset.**
- (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 have been maintained to meet the requirements of the Companies (Cost Accounting Records) Rules, 2011. 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 and ESI dues relating to contractors' workers.
- (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, 2014 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	
		192.92	99.96	2012-13	
Customs Act, 1962	Customs duty	3137.21	733.98 300.00 (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. SREEDHAR, SURESH & RAJAGOPALAN,**
Chartered Accountants
Firm Regn. No. 003957S

S. SUBRAMANIAM
Partner
M.No.: 025433

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

P.B. SRINIVASAN
Partner
M.No.: 203774

Place : Chennai
Date : 23.05.2014



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

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

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

To

The Members of Neyveli Lignite Corporation Limited

The accompanying abridged financial statements, which comprise the abridged Balance Sheet as at March 31, 2014, the abridged Statement of Profit & Loss account, and abridged Cash Flow Statement for the year then ended, and related notes, are derived from the audited financial statements of NEYVELI LIGNITE CORPORATION LTD for the year ended March 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated May 23, 2014.

Those financial statements, and the abridged financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. The abridged financial statements contain all the disclosures required by the notification issued under Section 219(1)(b)(iv) of the Companies Act, 1956. However, reading the abridged financial statements, is not a substitute for reading the audited financial statements of Neyveli Lignite Corporation Ltd.

Management's Responsibility for the Abridged Financial Statements

Management is responsible for the preparation of abridged audited financial statements in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and accounting principles generally accepted in India.

Auditor's Responsibility

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

Opinion

In our opinion, the abridged financial statements derived from the audited financial statements of Neyveli Lignite Corporation Ltd. for the year ended March 31, 2014 are a fair abridged of those financial statements, in accordance with notification issued under Section 219(1)(b)(iv) of the Companies Act, 1956 and accounting principles generally accepted in India.

Emphasis of Matter

Attention is invited to:

- Note No.:11(c) to the Financial statements regarding Capitalisation of Interest and Overheads for the delayed project of Thermal Power Station-II Expansion.
- Note No.:23(a) to the Financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternative Tax (MAT) rate for calculation of Return on Equity (ROE) as per Central Electricity Regulatory Commission (CERC) Regulation.
- Note No.:25(d) & (e) to the Financial statements regarding Power tariff final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.
- Note No.:37 to the Financial statements regarding accounting of Foreign Exchange Rate Variation (FERV) recoverable/payable from beneficiaries which is as per opinion of Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI).

Our opinion is not qualified in respect of these matters mentioned above.

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

S. Subramaniam
Partner
M.No.: 025433

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

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

Place : Chennai
Date : 23.05.2014

ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in crore)

Sl. No.	Particulars	As at 31.03.2014	As at 31.03.2013
I.	EQUITY AND LIABILITIES		
	(1) Shareholders' funds		
	(a) Paid-up Share Capital Equity	1677.71	1677.71
	(b) Reserves and Surplus		
	(i) Capital Reserve (Capital grant)	2.37	2.37
	(ii) Revenue Reserve	1601.30	1364.23
	(iii) Surplus in Profit and Loss Account	10622.24	9907.02
		12225.91	11273.62
	(2) Non-current liabilities		
	(a) Long term borrowings	2773.53	3126.61
	(b) Deferred tax liabilities (Net)	957.31	855.44
	(c) Other Long term liabilities	410.10	221.45
	(3) Current liabilities		
	(a) Trade payables	461.26	431.13
	(b) Other current liabilities	1414.92	1370.52
	(c) Short term provisions	523.80	555.79
	Total	20444.54	19512.27
II.	ASSETS		
	(4) Non-Current assets		
	(a) Fixed assets		
	(i) Tangible assets (original cost less depreciation)	6470.00	6633.95
	(ii) Intangible assets (original cost less depreciation/amortisation)	0.62	1.41
	(iii) Capital work-in-progress	3678.28	3120.31
	(iv) Assets under development	22.55	26.18
	(b) Non-current investments	1513.69	1329.20
	(c) Long term loans and advances	389.32	161.81
	(d) Other Non-current assets	115.64	13.07
	(5) Current assets		
	(a) Current investments	103.20	103.20
	(b) Inventories	681.69	683.72
	(c) Trade receivables	2204.45	3800.27
	(d) Cash and cash equivalents	4258.58	2866.64
	(e) Short term loans and advances	757.37	610.27
	(f) Other current assets	249.15	162.24
	Total	20444.54	19512.27

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARYRAKESH KUMAR
DIRECTOR (FINANCE)B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date: 23.05.2014

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

For M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants
Firm Regn. No. 003957SFor M/s. P.B. VIJAYARAGHAVAN & CO.,
Chartered Accountants
Firm Regn. No. 004721SS. Subramaniam
Partner
M.No.: 025433P.B. Srinivasan
Partner
M.No.: 203774

Place : Chennai

Date : 23.05.2014

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014 (₹ in crore)

Sl. No.	Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
I.	Income		
	Revenue from Operations	5980.01	5600.43
	Less: Excise duty	12.78	10.36
	Net Revenue from Operations	5967.23	5590.07
II.	Other Income	1024.76	582.95
III.	Total Income (I+II)	6991.99	6173.02
IV.	Expenditure		
	(a) Changes in inventories stock-in-trade	-72.54	-72.18
	(b) Employee benefits expense	2194.59	1952.42
	(c) Finance costs	181.58	193.39
	(d) Depreciation and amortisation expense	517.28	512.31
	(e) Other expenses	1888.98	1700.77
	Total Expenditure (a to e)	4709.89	4286.71
V.	Profit before exceptional and extra-ordinary items and tax (III-IV)	2282.10	1886.31
VI.	Exceptional items	-72.97	161.34
VII.	Profit before extra-ordinary items and tax (V+VI)	2209.13	2047.65
VIII.	Extra-ordinary items	0.00	0.00
IX.	Profit before tax (VII+VIII)	2209.13	2047.65
X.	1. Tax expense	605.37	346.61
	2. Deferred tax	101.88	241.29
		707.25	587.90
XI.	Profit after tax for the year from continuing operations (IX-X)	1501.88	1459.75
XII.	Profit for the year	1501.88	1459.75
XIII.	Earnings per equity share		
	Basic and Diluted (₹)	8.95	8.70

There is no discontinued operation.

Details of revenue from operation:

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Sale of products manufactured	5980.01	5600.43

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date: 23.05.2014

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

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

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

S. Subramaniam
Partner
M.No.: 025433

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

Place : Chennai

Date : 23.05.2014

Note: Complete Balance Sheet and Profit and Loss Statement, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at the link http://www.nlcindia.com/index.php?file_name=investor_annual_report_1314



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
1	11	Capital Work-in-Progress	As at 31.03.2014	As at 31.03.2013
		a. Plan Expenditure		
		i) TPS-II Expansion		
		Supply and Erection	2049.77	1992.79
		Capital Goods in Stock	1.28	0.00
		Expenditure during Construction	296.62	218.97
		Interest during Construction	687.73	564.47
			3035.40	2776.23
		ii) Barsingsar Mines and Thermal		
		Supply and Erection	0.13	0.06
		Capital Goods in Stock	0.03	0.03
			0.16	0.09
		iii) Mine-II Expansion		
		Supply and Erection	26.00	43.59
		Capital Goods in Stock	0.10	22.28
		Expenditure during Construction	34.63	0.00
			60.73	65.87
		iv) Neyveli New Thermal Plant		
		Supply and Erection	22.19	17.59
		Expenditure during Construction	0.71	6.10
		Interest during Construction	16.80	1.82
			39.70	25.51
		v) Wind Project		
		Supply and Erection	47.14	0.00
		Expenditure during Construction	0.02	0.00
			47.16	0.00
		b. Non-Plan Expenditure		
		Supply and Erection	447.70	220.30
		Capital Goods in Stock	41.72	31.09
		Capital Goods in Transit	5.71	1.22
		Total	3678.28	3120.31
		c. Thermal Power Station-II Expansion consists of two units of 250 MW each based on first of its kind eco friendly CFBC technology in India. Unit-I was lighted up initially on 28.02.2011 and synchronised on 18.05.2011. Unit-II is still under progress. Due to technical issues, sustained operations could not be maintained to declare Commercial Operation Date (COD) of the project. However, BHEL has carried out certain technical adjustments and Unit-I has been lighted up most recently on 22.05.2014.		
		Both the units have exceeded the scheduled completion period of February 2009 for Unit -I and June, 2009 for Unit-II and technical and administrative works are being continued. Therefore, in line with accounting policy, the total interest of ₹687.73 crore and overheads of ₹296.62 crore are being capitalised as a part of the project cost. Management has also decided to get the issue further examined through a technical audit. Based on the past experience, Management is reasonably confident to recover the project cost through tariff. The method of capitalisation of borrowing cost and overheads in this project will be reviewed post technical audit.		



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
2	19	Cash and Bank Balances		
		Cash and cash equivalents	As at 31.03.2014	As at 31.03.2013
	a.	Balances with Scheduled Banks in Current A/c	21.23	519.94
	b.	Cash on hand	0.04	0.01
	c.	Unpaid Dividend A/c	17.28	1.27
	d.	Fixed Deposits		
	(i)	Short term Deposit	3986.80	2318.23
	(ii)	Staff Security Deposit	0.01	0.01
	(iii)	Endowment fund in the name of NLC schools	0.23	0.18
	(iv)	Mine Closure Deposit*	193.88	0.00
	(v)	Short term Deposits for lien for guarantee	39.11	27.00
		Total	4258.58	2866.64
		*In the name of "Coal Controller Escrow Account NLC Ltd. Mine..."		
3	23	Contingencies and Commitments	As at 31.03.2014	As at 31.03.2013
	a.	Contingent Liability exists in respect of:		
	(i)	Guarantees issued by Company	4.45	4.13
	(ii)	Differential amount to beneficiaries on account of adopting normal Corporate Tax rate instead of Minimum Alternative Tax rate (MAT) for Return on Equity in power tariff for the year 2012-13, as the Company is of the opinion that MAT rate is not applicable. The matter is to be referred for clarification from CERC.	55.61	0.00
	b.	Claims against the Corporation not acknowledged as debts:		
	(i)	From employees/others	NQ	NQ
	(ii)	From suppliers/contractors/customers	1798.43	1640.56
	(iii)	Disputed amount of Income tax	669.57	458.45
	(iv)	Statutory Authorities	869.46	87.49
		Includes ₹722.12 crore (previous year ₹ Nil) and ₹128.99 crore (previous year ₹68.15 crore) tax payable under Tamilnadu Tax on Consumption or sale of Electricity Act.2003, towards sales made to Companies and Captive consumption in Mines. However the same is recoverable from the beneficiaries after getting approval from CERC		
		NQ - Not Quantifiable		



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
			As at 31.03.2014	As at 31.03.2013
		c. (i) Estimated value of contracts remaining to be executed on capital accounts not provided for	4322.67	1159.76
		(ii) Commitment for the acquisition of lands	94.56	59.86
4	25	Revenue from Operations	For the year ended 31.03.2014	For the year ended 31.03.2013
		a. Power	5361.13	5069.49
		b. Lignite	598.73	514.54
		c. Miscellaneous	20.89	19.26
			<u>5980.75</u>	<u>5603.29</u>
		Less: Excise duty	12.78	10.36
			<u>5967.97</u>	<u>5592.93</u>
		Less: Transfer to Capital Expenditure Accounts	0.74	2.86
			<u>5967.23</u>	<u>5590.07</u>
		d. Pending determination of final power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the provisional order issued by the CERC in respect of Barsingsar Thermal Power Station.		
		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, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission(CERC).		
		f. Claim of Wage Revision arrears paid to employees of Mines in 2010-11, approved by MOC and will be reckoned as power sales on approval of CERC.		
5	40	Details of contingency provisions	As at 01.04.2013	As at 31.03.2014
		a. Interest on disputed tax deducted at source	16.60	0.00
		b. Power tariff adjustment - Interest on working capital	28.28	0.00
		c. Power tariff adjustment - Deemed export benefit	0.00	20.46
		d. Provision for arbitration	40.00	0.00
		Total	<u>84.88</u>	<u>20.46</u>
			<u>68.28</u>	<u>37.06</u>



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)																																																																
6	45	<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> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 50%; text-align: center;">Directors</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Shri. B.Surender Mohan Chairman-cum-Managing Director</td> <td>Shri. Sarat Kumar Acharya Shri. R. Kandasamy Shri. Rakesh Kumar Dr. A.K. Dubey Shri. S. Rajagopal Shri. C.V. Sankar Shri. M.S. Ravindranath Shri. N.S. Palaniappan Shri. S. Boopathy</td> </tr> </tbody> </table> <p>(ii) Transactions during the year with related parties: Remuneration to Directors listed in (a) above: ₹2.50 crore</p>		Directors	Shri. B.Surender Mohan Chairman-cum-Managing Director	Shri. Sarat Kumar Acharya Shri. R. Kandasamy Shri. Rakesh Kumar Dr. A.K. Dubey Shri. S. Rajagopal Shri. C.V. Sankar Shri. M.S. Ravindranath Shri. N.S. Palaniappan Shri. S. Boopathy																																																													
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Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
8		Abridged Cash Flow Statement	For the year ended	For the year ended
			31.03.2014	31.03.2013
		1. Cash flows from operating activities	3210.57	1222.24
		2. Cash flows from investing activities	-639.60	-327.25
		3. Cash flows from financing activities	-1179.03	-1357.45
		4. Net increase / (decrease) in cash and cash equivalents	1391.94	-462.46
		5. Cash and cash equivalents at beginning of period	2866.64	3329.10
		6. Cash and cash equivalents at end of period	4258.58	2866.64
9	37	Based on opinion from Expert Advisory Committee (EAC) of ICAI , exchange rate difference (on account of restatement of foreign currency borrowing) recoverable from or payable to the beneficiaries in subsequent years as per CERC Tariff regulations are accounted as Deferred foreign currency fluctuation asset / liability. Accordingly necessary adjustment is made in the current year in depreciation and interest expenditure. Credit to the tune of ₹57.60 crore, being interest for ₹1.29 crore and depreciation for ₹56.31 crore is accounted. Out of ₹57.60 crore, ₹26.19 crore accounted in current year and ₹31.41 crore accounted as prior period transaction. This treatment is effected retrospectively from April 1, 2004. Upto 31.03.2014, the Company accounted the above FERV as sales revenue as and when recovered from the beneficiaries.		
Note No.* is given as in the Main Balance Sheet and Profit and Loss Statement.				



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 years 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	31.03.2014	1310080000	89%	Nil	Nil	(0.04)	Nil
Neyveli Uttar Pradesh Power Limited	31.03.2014	51000	51%	Nil	Nil	(1.02)	Nil

Information of Subsidiary Companies

(₹ in crore)

Sl. No.	Description	NLC Tamilnadu Power Limited		Neyveli Uttar Pradesh Power Limited	
		2013-14	2012-13	2013-14	2012-13
(a)	1. Capital	1,472.00	1,200.00	0.10	0.10
	2. Share application Money pending for allotment	87.60	42.00	0.00	0.00
(b)	Reserves	-0.04	-0.04	-2.00	-2.00
(c)	Total assets	5,788.31	4,734.59	143.68	136.17
(d)	Total liabilities	4,228.75	3,492.63	145.58	138.07
(e)	Details of investment	Nil	Nil	Nil	Nil
(f)	Turnover	Nil	Nil	Nil	Nil
(g)	Profit/(loss) before taxation	Nil	Nil	-2.00	-2.00
(h)	Provision for taxation	Nil	Nil	Nil	Nil
(i)	Profit/(loss) after taxation	Nil	Nil	Nil	Nil
(j)	Proposed dividend	Nil	Nil	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 Subsidiary Companies, i.e., NLC Tamil Nadu Power Limited and Neyveli Uttar Pradesh Power Limited, for the year 2013-14 is available for inspection for the shareholders at the head office of the Company and also of the Subsidiary Companies and shareholders desirous of obtaining a copy of the Annual Report of the Subsidiary Companies for the year 2013-14, 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.



BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) : L93090TN1956GOI003507
2. Name of the Company : Neyveli Lignite Corporation Limited
3. Registered Address : No.135, Periyar E.V.R. High Road, Kilpauk, Chennai - 600 010, Tamil Nadu, India
4. Website : www.nlcindia.com
5. E-mail id : gmms@nlcindia.com
6. Financial Year reported : 2013-14
7. Sector(s) : Mining & Power Generation
8. Key products : Lignite and Power
9. Total number of locations where business activity is undertaken by the Company
 - A. Number of International Locations : None
 - B. Number of National Locations : Mines & Power Plants located in Neyveli and Barsingsar; offices located in Chennai, Hyderabad, Bengaluru, Mumbai, Kolkata and New Delhi.
10. Markets served by the Company : Southern India and Rajasthan

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹1,677.71 crore (2013-14)
2. Total Turnover : ₹5,967.23 crore (2013-14)
3. Total PAT : ₹1,501.88 crore (2013-14)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of PAT :
In the previous three financial years, the Company has spent about one per cent of PAT of the respective previous years on CSR activities. In 2013-14, the Company has spent 1.80 per cent of PAT of the previous year 2012-13 on CSR activities.
5. List of activities in which expenditure in 4 above has been incurred:
 - A. Medical, Health, Sanitation and Family Welfare
 - B. Drinking Water Supply Facilities
 - C. Water Resource Augmentation, Irrigation and Flood Control
 - D. Capacity Building / Skill Development
 - E. Education and Scholarship
 - F. Community Development
 - G. Formation of Link Road
 - H. Construction of School/Library/Laboratory
 - I. Sustainable Development Initiatives
 - J. Relief / Rehabilitation of areas Affected by disasters



SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?
Yes. The Company has two Subsidiary Companies.
 - A. NLC Tamil Nadu Power Limited (NTPL)
 - B. Neyveli Uttar Pradesh Power Limited (NUPPL)
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).
Both the Subsidiary Companies follow the policies and practices of NLC.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].
No.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN Number : 02865335
- Name : Shri. Rakesh Kumar
- Designation : Director (Finance)

b. Details of the BR head

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Shri. V. Rajarao
3.	Designation	General Manager - Management Services
4.	Telephone Number	04142-252364
5.	e-mail id	gmms@nlcindia.com

2. Principle-wise (as per NVGs) BR Policy/policies

- P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3: Businesses should promote the well being of all employees.
- P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
- P5: Businesses should respect and promote human rights.
- P6: Business should respect, protect and make efforts to restore the environment.
- P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8: Businesses should support inclusive growth and equitable development.
- P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.



Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? The policies of the Company are based on the Constitution of India/ applicable laws, guidelines and other policies issued by Government of India from time to time, MOU with Transparency International India, ISO 9001, ISO 14001, OHSAS 18001 and UN Global Compact Principles.	Y	Y	Y	Y	Y	Y	NA	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.nlcindia.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why:

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	*	-	-

* NLC does not advocate influencing the public & regulatory policies for its gain, hence no policy is proposed. If required the Company may approach the appropriate authorities through Trade and Industry Chambers and Association and other such collective platforms.



3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

CEO assesses the BR performance of the Company annually.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes Sustainability Report and the same is available in the following link http://www.nlcindia.com/about/sustainable_development.pdf.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 (P1)

- Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The company has signed a Memorandum of Understanding with Transparency International India for implementation of Integrity Pact Programme. 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. The MoU with Transparency International India serves as the policy for ethics and business conduct. The Integrity Pact Programme envisages an agreement between the prospective Vendors, Bidders & Contractors and the Company, committing the persons / officials of both parties, not to exercise any influence on any aspect of the contract. The above Integrity Pact programme is applicable in respect of tenders where the bid value is more than one crore and in such tenders the Vendors / Bidders / Contractors, are expected to sign an “Integrity Pact”.

The Code of Conduct has been prescribed by your Company and also by its subsidiaries applicable for Senior Management Personnel and Board level Executives. The Company and also its subsidiaries is also governed by the guidelines issued by Government of India and provisions as per applicable Acts.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the year 2013-14, Vigilance Branch of the Company received 343 complaints and 273 have been disposed of, which works out to 79.6%.

Principle 2 (P2)

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - Lignite
 - Power
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)
 - Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Resources consumption in Lignite mining

Consumption per unit of production	Unit	Mining Unit	2012-13	2013-14	% change
Energy	Kwh/T of Lignite	Mines	35.75	34.23	-4.25



Resources consumption in Power Generation

Consumption per unit of production	Unit	Thermal Unit	2012-13	2013-14	% change
Lignite	Kg/Kwh (gross generation)	TPS	1.12	1.15	2.68

Note: TPS = Thermal Power Station

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?
Not Applicable.
3. Does the Company have procedures in place for sustainable sourcing (including transportation)?
Yes.
If yes, what percentage of your inputs was sourced sustainably?
100% of lignite requirement for the power generation is sourced sustainably by locating the power station at pithead. The Company is in the process of switching towards star rated equipment, which ensure energy conservation. As per the procurement process, materials are procured from the ISO certified vendors, which ensure quality products.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
The Company takes following key measures for the development of the small scale industries and communities surrounding their place of work and improve their capabilities:
- Workmen in and around Neyveli are engaged for service sector.
 - Cleaning Products such as phenol, soaps etc. are procured from local societies run by Project Affected persons.
 - All repair to the office chairs are carried out through Neyveli Health Promotion and Social Welfare Society which is patronised by the Company.
 - Complies with the Public Procurement Policy of the Government in procurement of goods from MSEs .
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.
The Company has taken up several projects for the reclamation of mined out land and re-cycling of waste, some of the key projects are as given below:
- i. The Company's mining operations are preserving valuable top soil of the mined out land, which is re-used for the land reclamation works.
 - ii. Keeping in mind the environmental concerns in disposal of fly ash, the Company utilises 100% of fly ash generated from thermal power stations for brick, windows, door frames etc., manufacturing or sells it to cement plants as fly-ash is a raw-material for Portland Pozzolana Cement (PPC).
 - iii. NLC's plastic recycling plant ensures 100% recycling of waste plastic collected at site.
 - iv. In the Township at Neyveli, NLC has constructed modern sewage treatment plant of capacity 30 MLD. The treated effluent and manure from this plant is used for afforestation and agricultural purposes.
 - v. The storm water of mines is treated and used for total domestic requirement of population in township and partly for industrial and agricultural purposes.



- vi. The waste concrete products are recycled and used for construction works.
- vii. The Company is also exploring the possibilities of recovering iron, sand and unburned carbon from the bottom ash of the power plants.

After commissioning dry fly ash system, the fly ash collected in the ESP Hopper is pneumatically conveyed to silo. Entire quantity of fly ash collected in Silo is being taken up by the cement & brick manufacturing industries.

Principle 3 (P3)

1. Please indicate the Total number of employees.

Total number of employees as on March 31, 2014 was 16849.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

The Company does not directly employ temporary/contractual/casual employees. However, works are awarded to external firms who engage manpower for their requirement.

3. Please indicate the Number of permanent women employees.

Total number of permanent women employees as on March 31, 2014 was 1,260.

4. Please indicate the Number of permanent employees with disabilities.

Total number of permanent employees with disabilities as on March 31, 2014 was 114.

5. Do you have an employee association that is recognised by management?

Yes.

6. What percentage of your permanent employees is members of this recognised employee association?

Approximately 70% of the permanent employees are members of recognised employee associations. This does not include executives and non-unionised supervisors.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	1	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees : 20%
- Permanent Women Employees : 0.6%
- Casual/Temporary/Contractual Employees : The workers employed by the Contractors are also considered for periodic training and during the last year 36% of them were given training.
- Employees with Disabilities : The suitability of all the disabled are assessed, trained and placed depending on their capabilities.



Principle 4 (P4)

1. Has the Company mapped its internal and external stakeholders?
The stakeholders have been mapped as under:
 - a. Government and regulatory authorities
 - b. Customers
 - c. Employees
 - d. Shareholders
 - e. Vendors
 - f. Peripheral population
 - g. Project Affected Persons (PAPs)
 - h. Workers engaged by Contractors
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?
Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders with the help of socio-demographic data of the community through base line surveys.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof.
The Company covers the well-being of disadvantaged, vulnerable and marginalised stakeholders under its Corporate Social Responsibility policy.

Principle 5 (P5)

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
The Constitution of India, the laws and policies of Government of India on Human Rights is also applicable to the Subsidiary Companies.
2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management?
No stakeholder complaint was received during the year 2013-14 with regard to human rights.

Principle 6 (P6)

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others.
The environment policy of the Company covers only the Company and its subsidiaries and not the Suppliers/Contractors/NGOs/Others.
2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? If yes, please give hyperlink for webpage etc.
The Company has undertaken several initiatives to address environmental issues, for instance,
 - Reclamation of lands of mines and afforestation of reclaimed lands.
 - Development of Eco Tourism Park.
 - Sequestration of CO₂ and production of Bio-fuel from flue gas from Thermal Power Plant.
 - Recharging of Ground Water.
 - Utilisation of fly ash in making Brick/Window and sale of fly ash to cement plants as an input for cement production.
 - Training Programme on Sustainable Development for women.
 - Entering into green energy business.



- Maintaining green belt in Township Area and Industrial Units.
- Modern Sewage Treatment Plant of 30 Million Litres a day (MLD) capacity catering to the needs of Thermal Power Station-I, General Hospital and Township.
- Storm Water Treatment Plant of 60 Million Litres a day (MLD) capacity catering to the needs of Township domestic use.
- Storm Water Treatment Plant of 72 Million Litres a day (MLD) capacity catering to the needs of Thermal Power Station-II Expansion.

The details regarding these initiatives is published at http://www.nlcindia.com/about/sustainable_development.pdf

3. Does the Company identify and assess potential environmental risks?

NLC firmly believes that its responsibility lies in environment friendly mining and delivering cleaner, more reliable and affordable energy. The Company identifies and assesses potential environmental risks arising from its operations in its mines and thermal power plants.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

The Company is implementing the following projects which are related to clean development mechanism:

1. 51 MW Wind Power Plant project.
2. 10 MW Solar PV Power Project.

The above two projects have been notified for Prior Consideration of CDM to United Nations Framework Convention on Climate Change (UNFCCC).

Energy Efficiency

Thermal

Neyveli Thermal Power Stations are following the norms set by Central Electricity Regulations and the actual consumption of lignite, oil and Auxiliary power are within the norms.

Mines

Energy conservation measures are carried out such as:

1. Use of capacitor banks to improve power factor.
2. Optimum utilisation of conveyors during loading.
3. Using energy efficient CFL, LED for lighting.
4. Variable voltage variable frequency controls with PLC is introduced in various machines and conveyors.

Solar power is used in library and industrial canteens.

Mine-II had bagged the National Energy conservation award for the year 2013 from the Ministry of Power/GOI.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc. If yes, please give hyperlink for web page etc.

Other initiatives of the Company on clean technology are listed below:

1. Setting up of 10 MW Solar PV Power Project at Barsingsar, Rajasthan is under consideration.
2. Sequestration of CO₂ and production of Bio-fuel from flue gas from Thermal Power Station.

Details are published at http://www.nlcindia.com/about/sustainable_development.pdf.



6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The emission and waste generated by the Company were within the permissible limits given by CPCB/SPCB in the financial year 2013-14.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There are no pending or unresolved show cause/ legal notices received from CPCB/ SPCB as on the end of the FY 2013-14.

Principle 7 (P7)

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

The Company is member of Standing Conference of Public Enterprises (SCOPE) and Confederation of Indian Industry (CII).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas.

No.

Principle 8 (P8)

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The Company follows a CSR policy for social welfare of the society. The Company has specific initiatives in pursuit of inclusive growth and equitable development. The Company has carried out several projects for the development of social infrastructure in the peripheral villages as well as communities at large. Also, the Company has established infrastructural facilities for educational institutes and hospitals in the peripheral villages.

In 2013-14, the Company focused on the following projects in pursuit of inclusive growth:

- Medical, Health, Sanitation and Family Welfare
- Drinking Water Supply Facilities
- Water Resource Augmentation, Irrigation and Flood Control
- Capacity Building / Skill Development
- Education and Scholarship
- Community Development
- Formation of Link Road
- Construction of School/ Library/ Laboratory
- Sustainable Development Initiatives
- Relief / Rehabilitation of areas affected by disasters

The details of CSR initiatives / activities of the Company have been included in the Directors' Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

The Company has undertaken CSR projects through in-house teams, District Administration and external NGOs.



3. Have you done any impact assessment of your initiative?

The Company has done impact assessment of various CSR activities. The Company has trained 10,833 persons during 2013-14 through its CSR focused training programmes. Through its health and sanitation programmes, the Company has provided medical consultation for around 93,000 cases and emergency treatment for around 25,000 patients from peripheral areas.

The details of CSR initiatives/activities of the Company have been included in the Directors' Report.

4. What is your Company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken.

The Company has spent ₹26.30 crore under various CSR programmes in 2013-14, details of which are shown in below table:

CSR Focus area	Expenditure in 2013-14 (₹ in crore)
Medical, Health, Sanitation and Family Welfare	6.14
Drinking Water Supply Facilities	1.24
Water Resource Augmentation, Irrigation and Flood Control	1.59
Capacity Building / Skill Development	6.44
Education and Scholarship	3.18
Community Development	2.30
Formation of Link Road	0.35
Construction of School/ Library/ Laboratory	0.17
Sustainable Development Initiatives	1.62
Relief / Rehabilitation of areas Affected by disasters	2.78
Others	0.49
Total	26.30

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

The Company has followed participatory approach for all its CSR initiatives. It conducts baseline surveys before commencement of all the CSR projects to understand requirements of the community.

Principle 9 (P9)

- What percentage of customer complaints/consumer cases are pending as on the end of financial year?
There are no customer complaints and cases pending against the Company as on 31st March, 2014
- Does the Company display product information on the product label, over and above what is mandated as per local laws?
The law for displaying product information on the product label is not applicable to the Company.
- Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.
No. None of the stakeholders has filed any case against the Company regarding unfair trade practices, irresponsible advertising and anti-competitive behaviour during 2013-14.
- Did your Company carry out any consumer survey/ consumer satisfaction trends?
Regular interactions through meetings, correspondences and Periodical Reconciliation Exercises are carried out with the customers regarding issues related to Power Sales & Accounts by the Commercial Department to maintain cordial relationship with the customers and for smooth dispute redressal. Other than this, no separate consumer survey or analysis of customer satisfaction trends is being carried out.



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

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

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Neyveli Lignite Corporation Limited ("the Company") and its subsidiary and Joint Venture, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk-assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;



- b) in the case of the consolidated statement of Profit and Loss, of the profit for year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We didn't audit the Financial statements of Subsidiary and Joint Venture, whose Financial Statements reflect Total Assets of ₹.6021.81 crore as on 31st March, 2014, Total revenue of ₹ Nil and Total Cash Flow amounting to ₹(6.15) 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 Subsidiary and Joint Venture are based solely on the reports of the other auditors.

We report that the Consolidated Financial statements have been prepared by the Company's Management in accordance with the requirement of the Accounting Standard 21 – Consolidated Financial statements and Accounting Standard 27 - Financial Reporting of interests in Joint Venture as Notified under Companies (Accounting Standard) Rules, 2006.

Emphasis of Matter

Attention is invited to:

- a) Note No:11(c) to the Financial statements regarding Capitalisation of Interest and Overheads for the delayed project of Thermal Power Station-II Expansion.
- b) Note No:22(a) to the Financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternative Tax (MAT) rate for calculation of Return on Equity (ROE) as per Central Electricity Regulatory Commission (CERC) Regulation.
- c) Note No:24(d) & (e) to the Financial statements regarding Power tariff final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.
- d) Note No: 36 to the Financial statements regarding accounting of Foreign Exchange Rate Variance (FERV) recoverable/payable from beneficiaries which is as per opinion of Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI).

Our opinion is not qualified in respect of these matters mentioned above.

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

S. Subramaniam
Partner
M.No.: 025433

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

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

Place : Chennai
Date : 23.05.2014



M/s. SREEDHAR, SURESH & RAJAGOPALAN,
Chartered Accountants,
3-B, No. 26, Green Haven, 3rd Main Road,
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Chennai - 600 034.

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

To

The Board of Directors of Neyveli Lignite Corporation Limited

The accompanying abridged consolidated financial statements, which comprise the abridged Consolidated Balance Sheet as at March 31, 2014, the abridged Consolidated Statement of Profit & Loss and abridged Consolidated Cash Flow statement for the year then ended, and related notes, are derived from the audited Consolidated financial statements of NEYVELI LIGNITE CORPORATION LTD for the year ended March 31, 2014. We expressed an unmodified audit opinion on Consolidated financial statements in our report dated May 23, 2014.

Those Consolidated financial statements, and the abridged Consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on Consolidated financial statements. The abridged Consolidated financial statements contain all the disclosures required by the notification issued under Section 219(1)(b)(iv) of the Companies Act, 1956. However, reading the abridged Consolidated financial statements, is not a substitute for reading the audited Consolidated financial statements of Neyveli Lignite Corporation Ltd.

Management's Responsibility for the Abridged Consolidated Financial Statements

Management is responsible for the preparation of abridged Consolidated financial statements in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and accounting principles generally accepted in India.

Auditor's Responsibility

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

Opinion

In our opinion, the abridged Consolidated financial statements derived from the audited Consolidated financial statements of Neyveli Lignite Corporation Ltd. for the year ended March 31, 2014 are a fair abridged of Consolidated financial statements, in accordance with notification issued under Section 219(1)(b)(iv) of the Companies Act, 1956 and accounting principles generally accepted in India.

Emphasis of Matter

Attention is invited to

- Note No.:11(c) to the Financial statements regarding Capitalisation of Interest and Overheads for the delayed project of Thermal Power Station-II Expansion.
- Note No.:22(a) to the Financial statements regarding adoption of normal corporate tax rate instead of Minimum Alternative Tax rate for calculation of Return on Equity as per Central Electricity Regulatory Commission (CERC) Regulation.
- Note No.:24(d) & (e) to the Financial statements regarding Power tariff final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order, which is not ascertainable at this stage.
- Note No.:36 to the Financial statements regarding accounting of Foreign Exchange Rate Variation (FERV) recoverable/payable from beneficiaries which is as per opinion of Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI).

Our opinion is not qualified in respect of these matters mentioned above.

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

S. Subramaniam
Partner
M.No.: 025433

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

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

Place : Chennai
Date : 23.05.2014



ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in crore)

Sl. No.	Particulars	As at 31.03.2014	As at 31.03.2013
I.	EQUITY AND LIABILITIES		
	(1) Shareholders' funds		
	(a) Paid-up Share Capital Equity	1677.71	1677.71
	(b) Reserves and Surplus		
	(i) Capital Reserve (Capital grant)	2.37	2.37
	(ii) Revenue Reserve	1601.30	1364.23
	(iii) Surplus in Profit and Loss Account	10621.10	9905.88
	(c) Minority Interest	160.99	131.07
	(2) Non-current liabilities		
	(a) Long term borrowings	6210.53	6016.61
	(b) Deferred tax liabilities (Net)	957.31	855.44
	(c) Other Long term liabilities	410.10	604.54
	(3) Current liabilities		
	(a) Trade payables	545.60	431.13
	(b) Other current liabilities	1999.26	1672.42
	(c) Short term provisions	523.80	555.79
	Total	24710.07	23217.19
II.	ASSETS		
	(4) Non-current assets		
	(a) Fixed assets		
	(i) Tangible assets (original cost less depreciation)	6547.19	6701.18
	(ii) Intangible assets (original cost less depreciation/amortisation)	0.62	1.41
	(iii) Capital work-in-progress	9335.17	7696.55
	(iv) Assets under development	36.41	34.78
	(b) Non-current investments	103.19	206.38
	(c) Long term loans and advances	389.32	249.17
	(d) Other Non-current assets	115.64	13.07
	(5) Current assets		
	(a) Current investments	103.20	103.20
	(b) Inventories	681.69	683.72
	(c) Trade receivables	2204.45	3800.27
	(d) Cash and cash equivalents	4273.87	2876.13
	(e) Short term loans and advances	669.96	688.87
	(f) Other current assets	249.36	162.46
	Total	24710.07	23217.19

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date: 23.05.2014

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

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

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

S. Subramaniam
Partner
M.No.: 025433

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

Place : Chennai

Date : 23.05.2014



ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014 (₹ in crore)

Sl. No.	Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
I.	Income		
	Revenue from Operations	5980.01	5600.43
	Less: Excise duty	<u>12.78</u>	<u>10.36</u>
	Net Revenue from Operations	5967.23	5590.07
II.	Other Income	<u>1024.76</u>	<u>582.95</u>
III.	Total Income (I+II)	<u>6991.99</u>	<u>6173.02</u>
IV.	Expenditure		
	(a) Changes in inventories stock-in-trade	-72.54	-72.18
	(b) Employee benefits expense	2194.59	1952.42
	(c) Finance costs	181.58	193.39
	(d) Depreciation and amortisation expense	517.28	512.31
	(e) Other expenses	<u>1888.98</u>	<u>1702.76</u>
	Total Expenditure (a to e)	<u>4709.89</u>	<u>4288.70</u>
V.	Profit before exceptional and extra-ordinary items and tax (III-IV)	2282.10	1884.32
VI.	Exceptional items	<u>-72.97</u>	<u>161.34</u>
VII.	Profit before extra-ordinary items and tax (V+VI)	2209.13	2045.66
VIII.	Extra-ordinary items	<u>0.00</u>	<u>0.00</u>
IX.	Profit before tax (VII+VIII)	2209.13	2045.66
X.	1. Tax expense	605.37	346.61
	2. Deferred tax	<u>101.88</u>	<u>241.29</u>
XI.	Profit after tax for the year from continuing operations (IX-X)	<u>1501.88</u>	<u>1457.76</u>
XII.	Profit for the year	1501.88	1457.76
XIII.	Earnings per equity share		
	Basic and Diluted (₹)	8.95	8.69

There is no discontinued operation.

Details of Revenue from operation:

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Sale of products manufactured	5980.01	5600.43

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR (FINANCE)

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date: 23.05.2014

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

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

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

S. Subramaniam
Partner
M.No.: 025433

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

Place : Chennai

Date : 23.05.2014

Note: Complete Consolidated Balance Sheet and Profit and Loss Statement, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at the link http://www.nlcindia.com/index.php?file_name=investor_annual_report_1314



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
1	11	Capital Work-in-Progress	As at 31.03.2014	As at 31.03.2013
		a. Plan Expenditure		
		i) TPS-II Expansion		
		Supply and Erection	2049.77	1992.79
		Capital Goods in Stock	1.28	0.00
		Expenditure during Construction	296.62	218.97
		Interest during Construction	687.73	564.47
			3035.40	2776.23
		ii) Barsingsar Mines and Thermal		
		Supply and Erection	0.13	0.06
		Capital Goods in Stock	0.03	0.03
			0.16	0.09
		iii) Mine-II Expansion		
		Supply and Erection	26.00	43.59
		Capital Goods in Stock	0.10	22.28
		Interest during construction	34.63	0.00
			60.73	65.87
		iv) Neyveli New Thermal Plant		
		Supply and Erection	22.19	17.59
		Expenditure during Construction	0.71	6.10
		Interest during Construction	16.80	1.82
			39.70	25.51
		v) Wind Project		
		Supply and Erection	47.14	0.00
		Expenditure during Construction	0.02	0.00
			47.16	0.00
		vi) NLC Tamilnadu Power Ltd.		
		Supply and Erection	4710.15	4010.34
		Capital Goods in Stock	2.13	8.36
		Expenditure during Construction	130.19	88.57
		Interest during Construction	813.26	468.97
			5655.73	4576.24
		vii) Neyveli Uttar Pradesh Power Ltd		
		Supply and Erection	0.77	0.00
		Share of Interest in Joint Venture	0.39	0.00
		b. Non-Plan Expenditure		
		Supply and Erection	447.70	220.30
		Capital Goods in Stock	41.72	31.09
		Capital Goods in Transit	5.71	1.22
			495.13	252.61
		Total	9335.17	7696.55
		c. Thermal Power Station-II Expansion consists of two units of 250 MW each based on first of its kind eco friendly CFBC technology in India. Unit-I was lighted up initially on 28.02.2011 and synchronised on 18.05.2011. Unit-II is still under progress. Due to technical issues, sustained operations could not be maintained to declare Commercial Operation Date (COD) of the project. However, BHEL has carried out certain technical adjustments and Unit-I has been lighted up most recently on 22.05.2014.		



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
		Both the units have exceeded the scheduled completion period of February 2009 for Unit -I and June, 2009 for Unit-II and technical and administrative works are being continued. Therefore, in line with accounting policy, the total interest of ₹687.73 crore and overheads of ₹296.62 crore are being capitalised as a part of the project cost. Management has also decided to get the issue further examined through a technical audit. Based on the past experience, Management is reasonably confident to recover the project cost through tariff. The method of capitalisation of borrowing cost and overheads in this project will be reviewed post technical audit.		
2	19	Cash and Bank Balance		
		Cash and cash equivalents	As at 31.03.2014	As at 31.03.2013
		a. Balances with Scheduled Banks in Current A/c	30.93	523.49
		b. Cash on hand	0.04	0.01
		c. Unpaid Dividend A/c	17.28	1.27
		d. Fixed Deposits		
		(i) Short term Deposit	3986.80	2318.23
		- Share of interest in Joint Venture	5.59	5.94
		(ii) Staff Security Deposit	0.01	0.01
		(iii) Endowment fund in the name of NLC Schools	0.23	0.18
		(iv) Mine closure deposit*	193.88	0.00
		(v) Short term Deposits for lien for guarantee	39.11	27.00
		Total	<u>4273.87</u>	<u>2876.13</u>
		*In the name of "Coal Controller Escrow Account NLC Ltd. Mine..."		
3	22	Contingencies and Commitments	As at 31.03.2014	As at 31.03.2013
		a. Contingent Liability exists in respect of:		
		(i) Guarantees issued by Company	26.95	26.45
		(ii) Differential amount to beneficiaries on account of adopting normal Corporate Tax rate instead of Minimum Alternative Tax rate (MAT) for Return on Equity in power tariff for the year 2012-13, as the Company is of the opinion that MAT rate is not applicable. The matter is to be referred for clarification from CERC.	55.61	0.00
		b. Claims against the Corporation not acknowledged as debts:		
		(i) From employees/others	NQ	NQ
		(ii) From suppliers/contractors/customers	1798.43	1640.56
		(iii) Disputed amount of Income tax/ST/ Other Taxes	675.63	462.45
		NQ - Not quantifiable		



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
			As at 31.03.2014	As at 31.03.2013
		(iv) Statutory authorities Includes ₹722.12 crore (previous year ₹ Nil) and ₹ 128.99 crore (previous year ₹ 68.15 crore) tax payable under Tamilnadu Tax on Consumption or sale of Electricity Act, 2003 towards sales made to Companies and Captive consumption in Mines. However the same is recoverable from the beneficiaries after getting approval from CERC.	869.46	87.49
		c. (i) Estimated value of contracts remaining to be executed on capital accounts not provided for	4775.77	2310.94
		(ii) Commitment for the acquisition of lands	94.56	59.86
4	24	Revenue from Operations	For the year ended	For the year ended
			31.03.2014	31.03.2013
		a. Power	5361.13	5069.49
		b. Lignite	598.73	514.54
		c. Miscellaneous	20.89	19.26
			5980.75	5603.29
		Less: Excise duty	12.78	10.36
			5967.97	5592.93
		Less: Transfer to Capital Expenditure Accounts	0.74	2.86
			5967.23	5590.07
		d Pending determination of final power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the provisional order issued by the CERC in respect of Barsingsar Thermal Power Station.		
		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, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission(CERC).		
		f Claim of Wage Revision arrears paid to employees of Mines in 2010-11, approved by MOC and will be reckoned as power sales on approval of CERC.		
5	39	Details of contingency provisions	As at	As at
			01.04.2013	31.03.2014
		a. Interest on disputed tax deducted at source	16.60	16.60
		b. Power tariff adjustments - Interest on working capital	28.28	0.00
		c. Power tariff adjustments - Deemed export benefit	0.00	20.46
		d. Provision for arbitration	40.00	40.00
		Total	84.88	37.06



Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)																																																												
6	40	<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> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 50%; text-align: center;">Directors</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Shri. B. Surender Mohan Chairman-cum-Managing Director</td> <td> Shri. Sarat Kumar Acharya Shri. P. Annadurai Shri. Rakesh Kumar Shri. Manoj Kumar Sharma Shri. S. Rajagopal Shri. T. Kumar Shri. M.S. Ravindranath Shri. P. Mannar Jawahar Shri. S. Boopathy Shri. A.K. Bhalla Shri. R. Kandasamy Shri. Sanjay Agrawal Dr. A.K. Dubey Shri. Kamran Rizvi Shri. C.V. Sankar Shri. Sanjiv Kumar Mittal Shri. N.S. Palaniappan Shri. Alok Kumar </td> </tr> </tbody> </table>		Directors	Shri. B. Surender Mohan Chairman-cum-Managing Director	Shri. Sarat Kumar Acharya Shri. P. Annadurai Shri. Rakesh Kumar Shri. Manoj Kumar Sharma Shri. S. Rajagopal Shri. T. Kumar Shri. M.S. Ravindranath Shri. P. Mannar Jawahar Shri. S. Boopathy Shri. A.K. Bhalla Shri. R. Kandasamy Shri. Sanjay Agrawal Dr. A.K. Dubey Shri. Kamran Rizvi Shri. C.V. Sankar Shri. Sanjiv Kumar Mittal Shri. N.S. Palaniappan Shri. Alok Kumar																																																									
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Notes to the Abridged Balance Sheet and the Abridged Profit and Loss Account

Sl. No.	Note No.*	Particulars	(₹ in crore)	
8		Abridged Cash Flow Statement	For the year ended	For the year ended
			31.03.2014	31.03.2013
		1. Cash flows from operating activities	3736.98	1206.77
		2. Cash flows from investing activities	-1392.83	-1108.28
		3. Cash flows from financing activities	-946.41	-569.44
		4. Net increase / (decrease) in cash and cash equivalents	1397.74	-470.95
		5. Cash and cash equivalents at beginning of period	2876.13	3347.08
		6. Cash and cash equivalents at end of period	4273.87	2876.13
9	36	Based on opinion from Expert Advisory Committee (EAC) of ICAI , exchange rate difference (on account of restatement of foreign currency borrowing) recoverable from or payable to the beneficiaries in subsequent years as per CERC Tariff regulations are accounted as Deferred foreign currency fluctuation asset / liability. Accordingly necessary adjustment is made in the current year in depreciation and interest expenditure. Credit to the tune of ₹57.60 crore, being interest for ₹1.29 crore and depreciation for ₹56.31 crore is accounted. Out of ₹57.60 crore, ₹26.19 crore accounted in current year and ₹31.41 crore accounted as prior period transaction. This treatment is effected retrospectively from April 1, 2004. Upto 31.03.2014, the Company accounted the above FERV as sales revenue as and when recovered from the beneficiaries.		
Note No.* is given as in the Main Balance Sheet and Profit and Loss Statement.				



NEYVELI LIGNITE CORPORATION LIMITED

(Navratna - Government of India Enterprise)

Regd. Office: 'Neyveli House', No.135, Periyar EVR High Road,
Kilpauk, Chennai - 600 010. Ph : 044 28364617

Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.

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

CIN: L93090TN1956GOI003507 Website: www.nlcindia.com, E-mail: investors@nlcindia.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the fifty eighth Annual General Meeting of the Members of the Company will be held on Wednesday, the 24th September, 2014 at "Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, TTK Road, Alwarpet, Chennai - 600 018 at 15.00 hours to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Stand-alone Profit and Loss Account for the year ended 31st March, 2014 and the Balance Sheet as on that date and also the Consolidated Financial Statements as on that date along with the Reports of Directors' and Auditors' and Comments of Comptroller and Auditor General of India.
2. To declare final dividend and confirm the Interim Dividend.
3. To appoint a Director in the place of Shri. Rakesh Kumar (DIN 02865335) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri. S. Rajagopal (DIN 06503785), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of Ministry of Coal letter No. 21/20/2012-ASO dated 25th July 2013, Shri. S. Boopathy (DIN 06676460), be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of Ministry of Coal letter No. 21/21/2006-ASO (part) dated 18th December, 2013 Shri. C.V. Sankar (DIN 00703204) be and is hereby appointed as a Director of the Company liable to retire by rotation".
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of Ministry of Coal letter No. 21/9/2013-ASO dated 21st August, 2013, Dr. Sanjay G Dhande (DIN 03124589), be and is hereby appointed as a Director of the Company not liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and in terms of Ministry of Coal letter No. 21/9/2013-ASO (ii) dated 23rd December, 2013 Shri. C. Balakrishnan (DIN 00040416) be and is hereby appointed as a Director of the Company not liable to retire by rotation."
9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Section 148 of the Companies Act 2013 and the Rules made thereunder the remuneration of Rs.3.00 lakh (plus applicable taxes) fixed for the Cost Auditor appointed to conduct the audit of cost records of the Company for the year 2014-15 be and is hereby ratified".

Place : Chennai
Date : 14.08.2014

By order of the Board
K.Viswanath
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 15th September, 2014 to 24th September, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend if any, declared for the financial year 2013-14.
2. The relevant Statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the meeting is annexed hereto and forms part of the notice.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

The instrument of Proxy in order to be rated effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of final dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be intimated only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company or to M/s. Integrated Enterprises (India) Ltd., the Share Transfer Agent and Depository Registrar of the Company.
5. Members who have not yet registered their e-mail addresses, so far, are requested to kindly furnish their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail addresses registered with M/s. Integrated Enterprises(India) Limited, the Depository Registrar and Share Transfer Agent of the Company as per the format enclosed.
6. Pursuant to provisions of the Companies Act, the dividend amounts which remain unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund constituted by the Central Government.

In terms of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the information in respect of unclaimed Dividends on the web-site of the Company viz., [www.nlcindia.com](http://nlcindia.com) in the following link http://nlcindia.com/index.php?file_name=investor_06 and the shareholders by providing their Folio No./Client ID, the details of unclaimed dividend can be obtained.

7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in their address.
8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice.
9. Electronic copy of the Annual Report for the year 2013-14, Notice of 58th AGM along with Attendance Slip and Proxy Form are being sent to the Members who have given consent to receive the same in electronic mode.
10. Attention is invited to Section 219(1) (iv) of the Companies Act, 1956 (Section 136 of the Companies Act, 2013) wherein listed companies may submit only an Abridged Balance sheet & Profit & Loss Statement in the prescribed form to every member of the company. Complete Balance sheet and Profit Loss

Statement, other statements and notes thereto prepared as per the requirements of the Schedule VI of the Companies Act, 1956 are available in Company's website www.nlcindia.com

11. Members may also note that the Notice of the 58th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.nlcindia.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. The shareholders may also send their requests to : investors@nlcindia.com

12. Voting through electronic means;

Pursuant to the stipulations in Clause 35 B of the Listing Agreement read with Section 108 of the Companies Act, 2013 and the relevant rules, the Company has entered in to an arrangement with Central Depository Services Limited (CDSL) to facilitate the Members to exercise their right to vote at the Annual General Meeting by Electronic means.

The instructions for shareholders voting electronically are as under:

- (i) The e-voting period commences on 19th September, 2014 (09:00 A.M.) and ends on 20th September, 2014 (06:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number printed on the attendance slip in the PAN field. • Eg. If your name is Ramesh Kumar with sequence number 00000125 then enter RA00000125 in the PAN field.
DOB	Enter the Date of Birth in dd/mm/yyyy format as recorded in your demat account or in the company records for the said demat account or folio.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Neyveli Lignite Corporation Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com



EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013**Item Nos. 5 to 8**

Shri. S. Boopathy (DIN 06676460) was inducted in to the Board as an Additional Director w.e.f. 1st October, 2013 in pursuance of Ministry of Coal letter no. 21/20/2012-ASO dated 25th July 2013 and in terms of Section 161 of the Companies Act, 2013, Shri. S. Boopathy holds office upto the date of the ensuing Annual General Meeting.

Shri. C.V. Sankar (DIN 00703204) was inducted in to the Board as an Additional Director w.e.f. 23rd December, 2013 in pursuance of Ministry of Coal letter no.21/21/2006-ASO(part) dated 18th December, 2013 and in terms of Section 161 of the Companies Act, 2013, Shri. C.V. Sankar holds office upto the date of the ensuing Annual General Meeting.

The Ministry of Coal (MOC) vide letter no. 21/9/2013-ASO dated 21st August, 2013, has conveyed the approval for the appointment of Dr. Sanjay G. Dhande (DIN 03124589) as a Non-official Part-time Director for a period of three years w.e.f. the date of appointment or until further orders, whichever is earlier. Dr. Sanjay G. Dhande (DIN 03124589) was inducted in to the Board as an Additional Director w.e.f. 6th September, 2013 and in terms of Section 260 of the Companies Act, 1956, Dr. Sanjay G. Dhande holds office upto the date of the ensuing Annual General Meeting. Dr. Sanjay G. Dhande, in the opinion of the Board, fulfils the conditions specified in the Companies Act for appointment as an Independent Director.

The Ministry of Coal (MOC) vide letter no. 21/9/2013-ASO (ii) dated 23rd December, 2013, has conveyed the approval for the appointment of Shri.C. Balakrishnan (DIN 00040416) as a Non-official Part-time Director for a period of three years w.e.f. the date of appointment or until further orders, whichever is earlier. Shri. C. Balakrishnan (DIN 00040416) was inducted in to the Board as an Additional Director w.e.f. 23rd December, 2013 and in terms of Section 161 of the Companies Act, 2013, Shri. C. Balakrishnan holds office upto the date of the ensuing Annual General Meeting. Shri. C. Balakrishnan, in the opinion of the Board, fulfils the conditions specified in the Companies Act for appointment as an Independent Director.

Notices has been received u/s 160 of the Companies Act, 2013 from Members signifying their intention to propose the appointment of Shri. S. Boopathy, Shri. C.V. Sankar, Dr. Sanjay G. Dhande and Shri. C. Balakrishnan as Directors of the Company at the ensuing Annual General Meeting. Necessary resolutions are placed before the Meeting for Members' approval.

The brief resume of Directors proposed for appointment/re-appointment are furnished in Annexure-2. Shri. S. Boopathy, Shri. C.V. Sankar, Dr. Sanjay G Dhande and Shri.C. Balakrishnan are deemed to be interested in the proposed resolution to the extent of their appointment as Directors. No other Directors are interested in the resolution. Directors recommend the resolution for Members' approval.

Item No. 9

Rule 14 of the Companies (Audit and Auditors) Rules, 2014 requires ratification of the shareholders for the remuneration fixed for the Cost Auditor of the Company appointed under Section 148(3) of the Companies Act, 2013.

Accordingly, necessary resolution seeking ratification for fixation of remuneration to the Cost Auditor appointed for the year 2014-15 is placed before the member for their approval.

None of the Directors is interested in the resolution. Directors recommend the resolution as proposed in the Notice for Members' approval.

**BRIEF RESUME OF DIRECTORS PROPOSED
FOR APPOINTMENT/RE-APPOINTMENT OF DIRECTORS :**

1. Shri. S. Boopathy (DIN 06676460), aged 58 years, is a Graduate in Mechanical Engineering and in Industrial Engineering and is also a Post Graduate in Production Engineering. Shri. S. Boopathy joined the Company in the year 1977 and has held various important positions in the Company. Shri. S. Boopathy assumed charge as Director (Planning & Projects) w.e.f. 01.10.2013 and prior to becoming Director (Planning & Projects), he was holding the position as Chief Executive Officer, Neyveli Uttar Pradesh Power Limited, a Subsidiary Company of NLC. Shri.S. Boopathy has wide experience in the areas of Mines, Power Sector, Industrial Engineering and Material Management and in the Project implementation.

Shri.S.Boopathy is on the Board of NLC Tamilnadu Power Limited and Neyveli Uttar Pradesh Power Limited and is a Member of the Sub-committee of NLC Tamilnadu Power Limited. Shri. S. Boopathy is also a Member of Audit Committee of NLC Tamil Nadu Power Limited and Neyveli Uttar Pradesh Power Limited and is holding 200 shares in the Company. Shri.S.Boopathy is not related to any of the Directors of the Company.

2. Shri.C.V.Sankar (DIN 00703204), aged 57 years, is a Post Graduate in Commerce and Post Graduate in Business Administration. Shri.C.V.Sankar, a member of Indian Administrative Service, has held various important positions in Government of Tamilnadu and is presently serving as the Principal Secretary to Government of Tamilnadu, Industries Department. Shri.C.V.Sankar is not related to any of the Directors of the Company. Shri.C.V.Sankar does not hold any shares in the Company.

Shri. C.V. Sankar is on the Board of following Companies and is not a member in any of the Sub-committee of Directors of the said Companies.

1. Tamilnadu Petro Products Limited
2. Tamilnadu Industrial Development Corporation Ltd.
3. Tamilnadu Industrial Explosives Ltd.
4. Tamilnadu Newsprint and Papers Ltd
5. State Industries Promotion Corporation of Tamilnadu Limited
6. The Nilakkottai Food Park Ltd
7. Tamilnadu Electricity Board Ltd
8. Tamilnadu Generation and Distribution Corporation Board
9. Tamilnadu Transmission Corporation Limited
10. Tamilnadu Salt Corporation Ltd
11. TITAN Industries Limited
12. Tidel Park Limited
13. Tamilnadu Sugar Corporation Limited
14. Tamilnadu Minerals Limited
15. Tamilnadu Magnesite Limited

3. Dr. Sanjay G. Dhande (DIN 03124589) , aged 66 years,, is a Mechanical Engineer and has done Ph.D from IIT, Kanpur. Dr. Sanjay G. Dhande retired as Director, IIT, Kanpur and is a Member of the Scientific Advisory Council to the Prime Minister of India. Dr. Sanjay G. Dhande is also a Member of the Governing Body of the Indo-US Science and Technology Forum, Indo-French Cooperation Programme, Indo-Japan Coordination programmes etc.

Dr. Sanjay G. Dhande is on the Board of (1) ONGC Videsh Limited (2) Sango Consultants Pvt Ltd. and is (i) the Chairman of the PAC of ONGC Videsh Limited and (ii) Member of a Sub-committee of ONGC Videsh Limited.

Dr.Sanjay G. Dhande is not related to any of the Directors of the Company and does not hold any shares in the Company .

4. Shri. C. Balakrishnan (DIN 00040416), aged 62 years, is a Post Graduate in Physics and has done MBA in Finance from University of Florida, USA, MPA in Public Administration & Economics from Harvard University, USA and also M.Phil in Public Administration. Shri. C. Balakrishnan is a former Member of Indian Administrative Service and has held various positions in Government of Himachal Pradesh and Government of India prior to his retirement as Secretary, Ministry of Coal.

Shri.C.Balakrishnan is on the Board of (i) BEML, Bangalore (ii) Swayambu Natural Resources Co., Ltd and (iii) Coal India Limited & is a Member of Audit Committee of Coal India Limited and is the Chairman of Audit Committee of BEML, Bangalore. Shri.C.Balakrishnan is not related to any of the Directors of the Company. Shri.C.Balakrishnan does not hold any shares in the Company.

5. Shri. Rakesh Kumar (DIN 02865335), aged 51 years, is a Commerce Graduate with Master Degree in Business Administration in Finance. He joined NLC in 2012. Prior to his joining in NLC, he was associated with various prestigious projects of GAIL India Limited and Brahmaputra Cracker and Polymer Limited like HVJ Pipeline Project, Petrochemical and LPG Plants, E&P Projects, Cross country gas and LPG Pipelines, Dhabol Power Plant and LNG Terminal, Assam Gas Cracker Project etc. He has worked in various important areas of finance function like treasury, project appraisals, capital structuring, resource mobilisation, cost and budget, financial bench marking using WACC and leveraging technology through ERP, E-procurement and E-banking etc.

Shri.Rakesh Kumar is a member of Board of NLC Tamilnadu Power Limited and Neyveli Uttar Pradesh Power Limited. Shri. Rakesh Kumar is also a Member of Audit Committee in Neyveli Uttar Pradesh Power Limited. Shri. Rakesh Kumar is not related to any of the Directors of the Company and does not hold any shares in the Company.

6. Shri. S. Rajagopal (DIN 06503785), aged 58 years, is a Graduate in Mechanical Engineering with First Class Rank. Shri. S. Rajagopal joined the company in the year 1977 and has held various important positions in the Company in the areas of SME, Erection/Mines. Shri. S. Rajagopal assumed charge as Director (Power) w.e.f.01.03.2013 and prior to becoming Director (Power), he was the Chief Executive Officer of NLC Tamilnadu Power Limited, a subsidiary company of NLC. Shri. S. Rajagopal has a wide range of experience in mining and in the project implementation.

Shri. S. Rajagopal is a member of Board of NLC Tamilnadu Power Limited and MNH Shakti Limited. Shri. S. Rajagopal is not related to any of the Directors of the Company and does not hold any shares in the Company.



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

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

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 2014 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 Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the Listing Agreement and in DPE guidelines except for the following:
 - a. *As per the requirements of Clause 49 of the Listing Agreement and DPE Guidelines, the Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors. However, this has not been complied with by the company from 30th September 2013 to 31st March 2014.*



b. *As per the requirements of Clause 49 of the Listing Agreement and DPE Guidelines, where the Chairman of the Board is an Executive Director, atleast half of the Board should comprise of Independent Directors. However, this has not been complied with by the company from 26th June 2013 to 31st March 2014.*

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.

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

S. Subramaniam
S. Subramaniam
Partner
M.No.025433



Place: Chennai

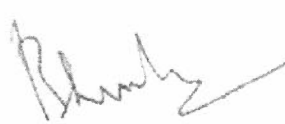
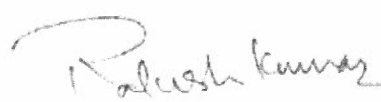
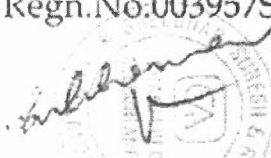
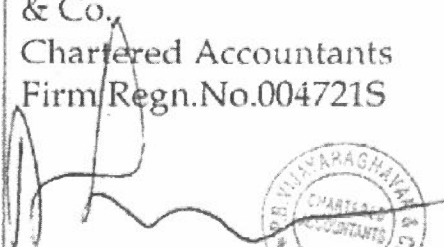
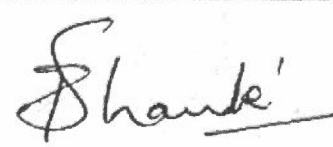
Date: 23rd May 2014

M/s. P.B.VIJAYARAGHAVAN & Co
Chartered Accountants
Firm Regn. No.: 004721S

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


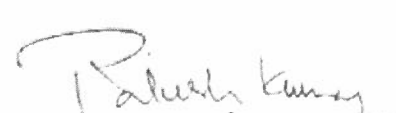
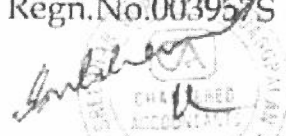
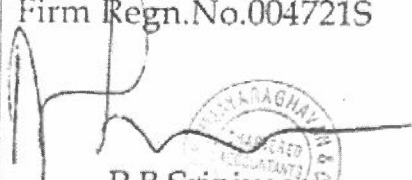
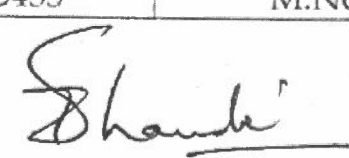


FORM A

1	Name of the company	Neyveli Lignite Corporation Limited	
2	Annual Financial statements for the year ended	31 st March 2014 (Standalone)	
3	Type of Audit observation	Matter of Emphasis	
4	Frequency of observation	(a) Note no 11 c - First Time (b) Note no 23 a - First Time (c) (i) Note no 25 d - Second Time (ii) Note no 25 e - Third Time (d) Note no 37 - First Time	
5	Signed by -		
	Chairman -cum- Managing Director		
	Director /Finance		
	Auditors of the Company	M/s. Sreedhar, Suresh & Rajagopalan Chartered Accountants Firm Regn.No.003957S  S.Subramaniam Partner M.No :025433	M/s. P.B.Vijayaraghavan & Co., Chartered Accountants Firm Regn.No.004721S  P.B.Srinivasan Partner M.No :203774
	Audit committee Chairman		



FORM A

1	Name of the company	Neyveli Lignite Corporation Limited	
2	Annual Financial statements for the year ended	31 st March 2014 (Consolidated)	
3	Type of Audit observation	Matter of Emphasis	
4	Frequency of observation	(a) Note no 11 c - First Time (b) Note no 22 a - First Time (c) (i) Note no 24 d - Second Time (ii) Note no 24 e - Third Time (d) Note no 36 - First Time	
5	Signed by -		
	Chairman -cum- Managing Director		
	Director / Finance		
	Auditors of the Company	M/s. Sreedhar, Suresh & Rajagopalan Chartered Accountants Firm Regn.No.003957S  S.Subramaniam Partner M.No :025433	M/s. P.B.Vijayaraghavan & Co., Chartered Accountants Firm Regn.No.004721S  P.B.Srinivasan Partner M.No :203774
	Audit Committee Chairman		





PROVEN VALUES. POWERFUL VISION

Neyveli Lignite Corporation Limited



2013/14

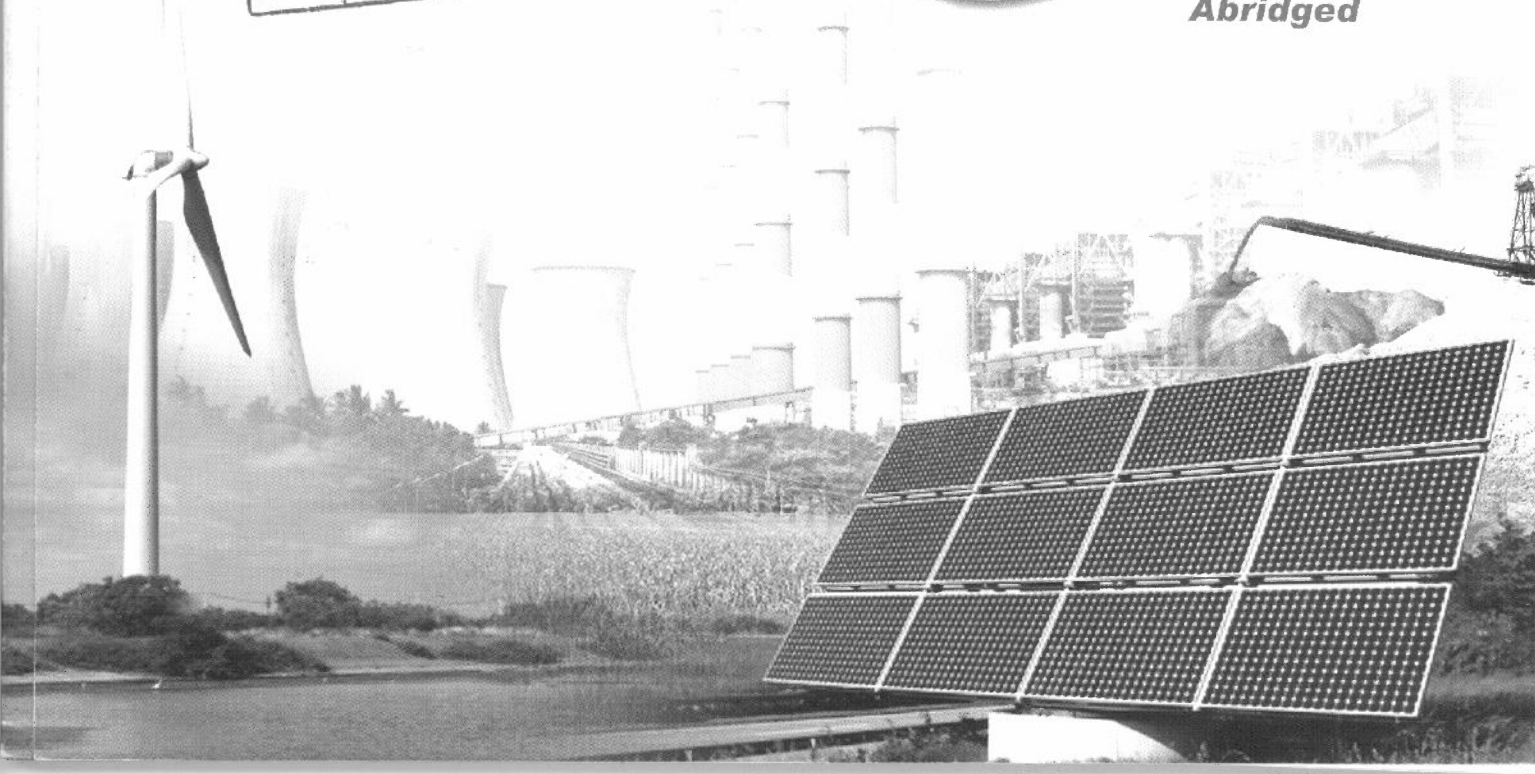
58th

Annual Report

2013 - 2014

Abridged

MD & CEO	MKT PLACE	SECRET	SP&P	HF	INVEST & AIC	
RCD					DOT/DIT	
LÉGAL	BSE LTD.				DOT 3RD FLR	
MS&D	02 SEP 2014				DOSS	
BD&M	NO. 137796				DCS	
IPF					USE	
INTER'L RELA	BTI	INTER CONT'L	INF. PROD	SME	ESTATE	CORP. COMM
BSE/BOOK	DIS	CSD & ICCL	ADMIN.	SECUR		LISTING





CHAIRMAN-CUM-MANAGING DIRECTOR

Shri. B. Surender Mohan

DIRECTORS

Dr. A.K. Dubey
Shri. C.V. Sankar
Shri. Sarat Kumar Acharya
Shri. Rakesh Kumar
Shri. S. Rajagopal
Shri. M.S. Ravindranath
Shri. S. Boopathy
Dr. Sanjay G Dhande
Shri. C. Balakrishnan

COMPANY SECRETARY

Shri. K. Viswanath

STATUTORY AUDITORS

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

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

BRANCH AUDITOR

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

COST AUDITOR

M/s. Srinivasan, Sundaram & Associates
Cost Accountants,
325, VI Main Road, Venkataraman Nagar,
Hasthinapuram, Chitlapakkam,
Chennai - 600 064.

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

TRUSTEES TO THE NEYVELI BONDS 2009

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

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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Signature
1