CHAIRMAN-CUM-MANAGING DIRECTOR

Shri. A.R. Ansari

DIRECTORS

Shri. Alok Perti
Shri. Rajeev Ranjan
Shri. P. Babu Rao
Shri. B. Surender Mohan
Shri. R. Kandasamy
Shri. K. Sekar
Shri. J. Mahilselvan
Dr. Sanjay Govind Dhande

COMPANY SECRETARY

Shri. K. Viswanath

REGISTERED OFFICE

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

AUDITORS

Ganesan and Company,
Chartered Accountants,
No.9 (Old No.36) South Beach Avenue,
M.R.C. Nagar Main Road,
R.A. Puram, Chennai - 600 028.

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

PRINCIPAL BANKERS

State Bank of India
Canara Bank
Central Bank of India
Syndicate Bank
Credit Agricole Corporate & Investment Bank
United Bank of India
Indian Bank
Karur Vysya Bank Limited
Indian Overseas Bank

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT

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

CONTENTS

BOARD OF DIRECTORS

A.R. Ansari
Chairman-cum-Managing Director

Alok Perti
Director

Rajeev Ranjan
Director

P. Babu Rao
Director (Personnel)

B. Surender Mohan
Director (Mines)

R. Kandasamy
Director (Plng.&Proj.)

K. Sekar
Director (Finance)

J. Mahilselvan
Director (Power)

Dr. Sanjay Govind Dhande
Director

SENIOR MANAGEMENT

K.S. Balasubramanian
Chief Vigilance Officer

V. Chandramohan
Executive Director (Finance)

B. Sivagnanam
Executive Director (Plg.&Conts.)

K. John Simon
CGM (Ser.&GWC)

S. Ramalingam
CGM (Mine-I&IA)

S. Rajagopal
CEO (NTPL)

C. Senthamilselvan
CGM (TA)

A. Lourdes
CGM (P&A)

G. Ramakrishnan
CGM (SME&Conv./Mines)

K. Palpandy
CGM (TPS-II&Expn.)

S. Rajagopal
CGM (MM)

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

10 Years Performance at a glance - Financial

(Rs.in crore)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
INCOME STATEMENT										
Sales	4121.03	3354.91	2981.65	2108.11	2201.41	3001.94	2806.09	2681.48	2236.95	2440.04
Other Income	568.53	720.79	611.45	635.66	498.18	664.87	642.39	461.47	195.21	172.43
TOTAL INCOME	4689.56	4075.70	3593.10	2743.77	2699.59	3666.81	3448.48	3142.95	2432.16	2612.47
Earning before Int., Deprn.&Tax	1889.16	1486.37	1887.24	1360.39	1265.10	2346.01	1972.51	1957.42	1445.70	1305.48
Depreciation	253.89	424.50	454.49	447.34	349.45	516.30	499.78	259.85	260.93	271.26
Interest	33.58	8.15	8.80	43.28	54.28	66.09	69.01	3.92	3.77	5.79
Profit for the year	1601.69	1053.72	1423.95	869.77	861.37	1763.62	1403.72	1693.65	1181.00	1028.43
Prior Period Adjustments (Net)	3.17	-7.71	-2.66	4.89	16.25	-9.06	9.36	2.66	17.53	-3.24
Extra-ordinary Income	0.00	0.00	0.00	0.00	109.77	2.12	0.00	-8.48	0.00	0.00
Profit before Tax	1604.86	1046.01	1421.29	874.66	987.39	1756.68	1413.08	1687.83	1198.53	1025.19
Provision for Tax	357.40	224.92	319.72	307.88	285.04	541.68	269.57	539.43	379.33	299.27
Net Profit/(Loss)	1247.46	821.09	1101.57	566.78	702.35	1215.00	1143.51	1148.40	819.20	725.92
Dividend	335.54	335.54	335.54	201.33	335.54	335.54	234.88	234.88	226.49	167.77
Dividend Tax	56.37	57.03	57.02	34.22	47.06	46.70	30.09	30.09	0.00	17.12
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	8646.96	7791.52	7362.57	6652.80	6321.08	6001.47	5168.85	4290.46	3407.18	3292.35
Networth	10225.60	9412.78	9008.79	8309.29	7990.38	7673.06	6824.25	5947.55	5061.98	4959.51
Loans Outstanding	4077.36	4057.70	2790.68	1505.70	1286.71	1229.69	1295.70	1386.78	1266.31	1272.85
Net Fixed Assets	5088.20	3272.39	3536.23	3809.20	4023.12	4254.36	4530.24	4117.27	1445.25	1606.13
Investments	1044.94	811.37	826.22	929.41	2591.42	2590.77	2590.77	595.00	498.00	595.00
Net Current Assets	5033.74	5219.86	4548.49	4574.84	3041.78	2513.41	1512.76	2308.15	1703.37	910.71
Capital Employed (operating)	11166.88	9303.62	8910.94	9313.45	9656.32	9358.54	8633.77	7020.42	3646.62	3111.84
RATIOS										
Operating Margin(OPM)(%)	32.05	22.82	42.79	34.38	34.84	56.00	47.40	55.79	55.90	46.44
Return on Capital Employed (ROCE)(%)	11.17	8.83	12.36	6.09	7.27	12.98	13.24	16.36	22.46	23.33
Return on Networth (RONW)(%)	12.20	8.72	12.23	6.82	8.79	15.83	16.76	19.31	16.18	14.64
Debt Equity (%)	39.87	43.11	30.98	18.12	16.10	16.03	18.99	23.32	25.02	25.66
Current Ratio	2.56	2.65	3.21	3.27	5.01	3.89	2.43	3.47	3.21	2.27
Quick Ratio	2.39	2.46	2.96	2.99	4.51	3.50	2.15	3.11	2.72	1.86
VALUE ADDED PER EMPLOYEE (in Rs.)	1844515	1218369	1276836	1090907	1036468	1348250	1253704	1156768	952534	849201
BOOK VALUE PER SHARE (in Rs.)	60.95	56.10	53.70	49.53	47.63	45.74	40.68	35.45	30.17	29.56
EARNING PER SHARE (in Rs.)	7.44	4.89	6.01	3.88	4.27	7.64	6.52	6.83	4.78	4.35
DIVIDEND (%)	20.00	20.00	20.00	12.00	20.00	20.00	14.00	14.00	13.50	10.00

10 Years Performance at a glance - Physical

PARTICULARS		UNIT	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Lignite												
Mine-I		LT	91.59	90.40	87.82	105.48	102.72	105.28	103.91	80.20	76.59	72.01
Mine-IA		LT	27.11	30.56	33.27	38.04	37.35	32.11	14.61	0.03	0.00	0.00
Mine-II		LT	104.43	91.09	94.37	66.62	64.28	78.28	87.05	106.01	107.10	109.71
Barsingsar Mine		LT	0.25	1.02	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL		LT	**223.38**	**213.07**	**215.86**	**210.14**	**204.35**	**215.67**	**205.57**	**186.24**	**183.69**	**181.72**
Power												
T.P.S-I	- Gross	MU	4114.44	3577.49	3671.54	3981.53	3990.17	4259.15	4401.64	4378.67	4182.36	4157.68
	- Net	MU	3630.13	3141.03	3235.03	3521.64	3540.30	3772.90	3895.90	3871.97	3695.10	3710.50
T.P.S-I EXPN.	- Gross	MU	2979.43	3126.05	3267.66	3264.96	3081.81	3237.96	1983.25	86.87	0.00	0.00
	- Net	MU	2720.12	2858.42	2994.06	2988.50	2802.11	2944.82	1877.09	86.19	0.00	0.00
T.P.S-II	- Gross	MU	10559.69	9064.44	10517.69	8540.09	9170.44	9249.27	10004.08	10504.41	10268.96	10515.50
	- Net	MU	9549.99	8172.14	9486.88	7719.76	8279.10	8344.53	9051.57	9489.35	9302.83	9499.62
Barsingsar T.P.S	Gross	MU	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net	MU	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**- Gross**	**MU**	**17656.04**	**15767.98**	**17456.89**	**15786.58**	**16242.42**	**16746.38**	**16388.97**	**14969.95**	**14451.32**	**14673.18**
	- Net	**MU**	**15902.72**	**14171.59**	**15715.97**	**14229.90**	**14621.51**	**15062.25**	**14824.56**	**13447.51**	**12997.93**	**13210.12**
Urea		LT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.98
Leco		LT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.51
Sales												
Lignite		LT	21.69	21.35	22.94	20.68	16.62	16.50	17.63	8.42	5.56	7.01
Power		MU	14828.22	13204.05	14775.84	13330.80	13747.90	14162.11	13918.76	12605.80	12152.81	12314.05
Urea		LT	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.21	0.58	0.80
Leco		LT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.49

LT - Lakh Tonnes MU - Million Units

DIRECTORS' REPORT FOR THE YEAR 2009-10

To
The Members,
Neyveli Lignite Corporation Limited

Your Directors have great pleasure in presenting the 54th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

Performance Highlights

Physical Performance

During the year 2009-10 your Company has achieved all around growth since inception in terms of overburden removal, lignite production, generation and export of power as under :

- Overburden removal of 1594.25 Lakh Cubic Metre (LM^3) from all Mines put together.
- Total lignite production of 223.38 Lakh Tonnes (LT) from all Mines.
- Aggregate power generation of 17656.04 Million Units (MU) from all Power Stations.
- Export of power from all Power Stations put together at 14828.22 MU.
- Overburden (OB) removal of 782.63 LM^3 from Mine-II.
- Power generation from TPS-II at 10559.69 MU.

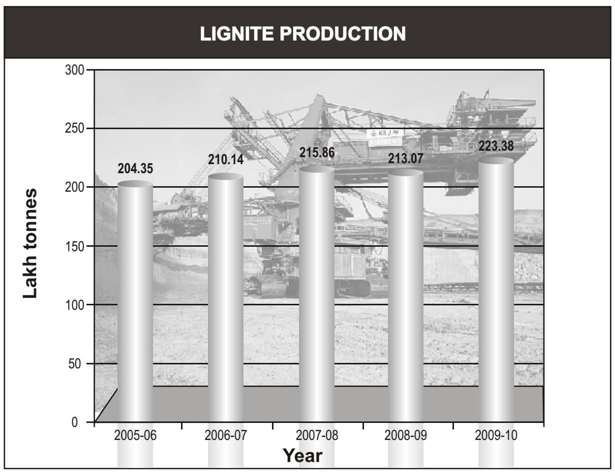
Financial Performance

Your Company during the year under review registered a sales turnover of Rs.4121.03 crore and profit after tax of Rs.1247.46 crore, which are the highest since inception.

Segment-wise Performance

Mines

During the year 2009-10, the total Overburden removal was 1594.25 LM^3 compared to 1463.44 LM^3 achieved in the year 2008-09, registering a growth of 8.94%. The total Lignite production during the year 2009-10 was 223.38 LT as against 213.07 LT achieved in the year 2008-09, recording a growth of 4.84%.



The detailed Mine-wise performance for the year 2009-10 compared to 2008-09 is as below:

Mine	Capacity (in MTPA)	2009-10		2008-09	
		Overburden (in LM^3)	Lignite (in LT)	Overburden (in LM^3)	Lignite (in LT)
Mine-I	10.5	508.52	91.59	501.54	90.40
Mine-IA	3.0	201.86	27.11	200.11	30.56
Mine-II	15.0	782.63	104.43	659.64	91.09
Barsingsar Mine	2.1	101.24	0.25	102.15	1.02
Total	**30.6**	**1594.25**	**223.38**	**1463.44**	**213.07**

During the year under review Mine-I had exceeded the last year's performance in removal of OB and lignite production. OB removal in Mine-IA during the year 2009-10 was marginally higher compared to the year 2008-09 while the lignite production was less compared to the previous year.

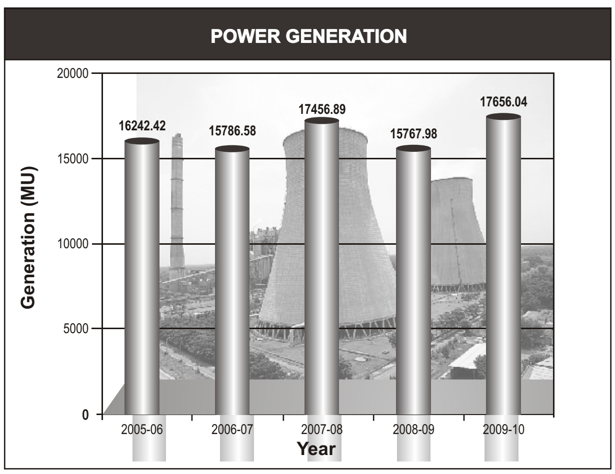
Members may be aware that Mine-IA, since commissioning, was working beyond the installed capacity mainly to supplement the lignite requirement of Thermal Power Station-II as the production of lignite in Mine-II got affected during the earlier years due to non-availability of required land for mining. As the availability of land for Mine-II has since improved and the production of lignite in Mine-II also increased and consequently the production from Mine-IA was maintained at optimum level during the financial year under review.

As seen from the above table, the performance of Mine-II during the year under review was remarkable. The OB removal in Mine-II during the year 2009-10 was the highest for any year since inception, recording a growth of 18.65% compared to the previous year ended 31st March, 2009, while the lignite production recorded a growth of 14.64% during the year under review compared to the previous year 2008-09.

Lignite production from Barsingsar Mine in Rajasthan commenced in November 2009 and attained the rated capacity on 31st January, 2010. Both OB removal and lignite production were less during the year under review as the same were regulated due to slow progress of the work in the linked power plant under implementation and consequent lower requirement of lignite.

Power

During the year 2009-10, the total power generation (Gross) from all power plants of the Company was 17656.04 MU compared to 15767.98 MU recorded during the year 2008-09, registering a growth of 11.97%. The power export during the year under review was 14828.22 MU as against 13204.05 MU made during the year 2008-09, recording a growth of 12.30%. The total power generation and export during the year 2009-10 were the highest since inception.



The detailed Plant-wise performance for the year 2009-10 compared to 2008-09 is as under:

Plant / Capacity	2009-10			2008-09		
	Gross Gen.(in MU)	Export (in MU)	PLF (%)	Gross Gen.(in MU)	Export (in MU)	PLF (%)
TPS-I (600 MW)	4114.44	3300.45	78.28	3577.49	2835.48	68.06
TPS-I Expn. (420 MW)	2979.43	2720.12	80.98	3126.05	2858.42	84.96
TPS-II (1470 MW)	10559.69	8805.17	82.01	9064.44	7510.15	70.39
Barsingsar TPS	2.48	2.48	-	-	-	-
Total	**17656.04**	**14828.22**	**80.94**	**15767.98**	**13204.05**	**72.29**

Thermal Power Station–I is one of the oldest power plants in the country, having served for more than 40 years and almost nearing its extended life. It was a remarkable performance from this plant, to register a growth of 15.01% in the generation during the year 2009-10 compared to the generation of 2008-09. Considering the age of this plant, it was earlier decided to taper down the generation between the years 2009 and 2014 in phases depending upon the condition of the Plant. However, TNEB as well as the Government of Tamil Nadu requested your Company directly and also through Ministry of Coal, to defer the retirement of Units for some more time in view of the prevailing power deficit situation in the State. In view of the above it has been decided to defer the programme of tapering down generation for the time being and firm up the same at a later date depending upon the performance of Units and the Residual Life Assessment (RLA) study results. The RLA study has been completed for two units and the study has indicated that the operation of the said units could be continued for a further period of about 5 years with some minor replacements. In respect of the balance seven units, the RLA study will be carried out for each unit on completion of the extended life period of 15 years.

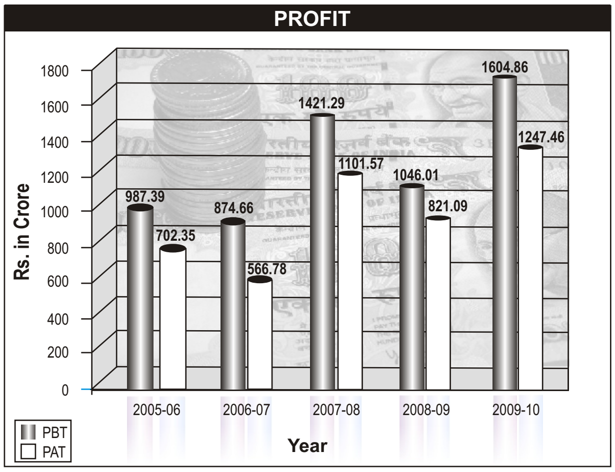
During the year 2009-10, the power generation from TPS-I Expn., was less compared to the previous year 2008-09 by 4.69% due to extended maintenance works carried out in both the units.

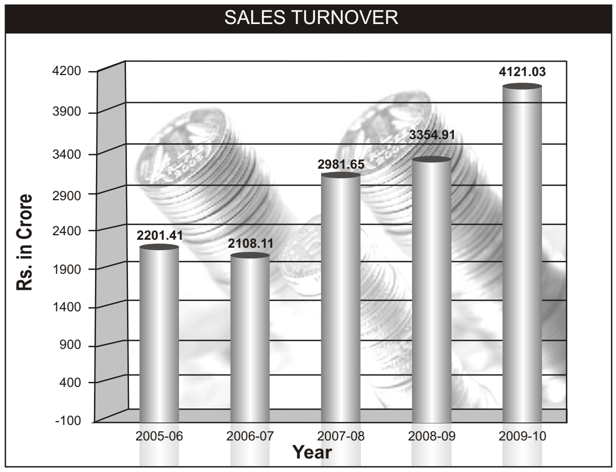
The power generation from TPS-II during the year 2009-10 was the highest since inception, registering a growth of 16.50% compared to previous year 2008-09. This plant performed exceedingly well compared to previous years on account of availability of required quantum of lignite on sustained basis from Mine–II and the transportation of surplus lignite from other Mines.

The Unit-I of Barsingsar TPS generated in-firm power of 2.48 MU since its synchronisation in October 2009.

Financial Performance

During the year under review, your Company recorded a sales turnover of Rs.4121.03 crore compared to Rs.3354.91 crore achieved in the year 2008-09. The profit before tax for the year under review was Rs.1604.86 crore (previous year Rs.1046.01crore) while the profit after tax was Rs.1247.46 crore (previous year Rs. 821.09 crore).





The increase in the sales turnover and the profit for the year ended 31st March, 2010 compared to previous year ended 31st March, 2009 was mainly on account of higher generation and export of power during the year 2009-10 and also due to adoption of higher tariff rate as per the tariff petitions filed before CERC.

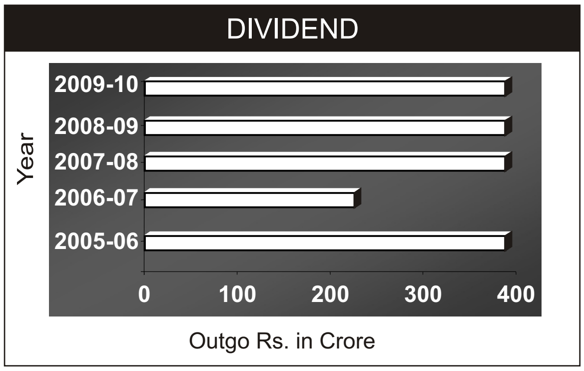
The details of profit earned for the financial year ended 31st March, 2010 and appropriation of the same in comparison with the previous year ended 31st March, 2009 are as under:

(Rs. in crore)

	2009-10	**2008-09**
Profit before tax	1604.86	1046.01
Tax provision	357.40	224.92
Profit after tax	1247.46	821.09
Appropriation :		
Transfer to		
Exchange rate variation of previous year	0.00	(0.45)
Bond Redemption Reserve	15.00	15.00
Interest Differential Reserve	12.50	20.69
General Reserve	100.00	70.00
Interim Dividend paid	167.77	0.00
Tax on Interim Dividend paid	28.51	0.00
Proposed Final Dividend	167.77	335.54
Tax on proposed Final Dividend	27.86	57.03

Dividend

Your Company paid an Interim Dividend @10% for the financial year 2009-10 during the month of March 2010. The Board of Directors of your Company have recommended a final dividend @ 10% (Re.1/- per share) for the year 2009-10. With this the total dividend for the financial year 2009-10 aggregates to 20% (previous year 20%). The total outgo on account of the dividend for the year 2009-10 including distribution tax will be Rs. 391.91 crore, which works out to 31.42% on Profit After Tax (PAT).



Status of land acquisition

As stated earlier, the availability of land for mining especially for Mine-II has improved to a great extent during the year under review. During the year 320 hectares of land have been taken possession and further requisition for 144.04 hectares of land has been placed before the District Administration. Your Company is actively pursuing the issue with the State Government, the District Administration and statutory authorities concerned for continued availability of land for mining. Based on the settlement reached between your Company and the land owners for payment of enhanced compensation for the acquisition, your Company during the year 2009-10 paid enhanced compensation of about Rs.11 crore through Lok Adalat.

Sanctioned Projects

Expansion Programme

The Government of India had sanctioned implementation of Mine-II Expn., linked to TPS-II Expn., project at Neyveli at an aggregate revised capital cost of Rs.4749.50 crore. Your Company is also implementing a Mine-cum-Power Project at Barsingsar in Rajasthan at an aggregate revised capital cost of Rs.1880.69 crore.

The status of implementation of the above projects is as under:

Mine-II Expansion (10.5 MTPA to 15.0 MTPA)

Your Company has successfully completed the implementation of this project and this Mine attained rated production capacity during March 2010. Mine-II Expansion was formally dedicated to the Nation on 5th April, 2010 by Shri. Sriprakash Jaiswal, the Hon'ble Union Minister of State (Independent Charge) for Coal, Statistics and Programme Implementation. Overburden removal from Mine-II Expansion during 2009-10 was 226.55 LM^3 against the target of 190.00 LM^3. The cumulative expenditure incurred upto 31st March, 2010 was Rs. 1808.34 crore.


BWE in operation in Mine-II Expn.

Thermal Power Station-II Expansion (2 x 250 MW)

View of TPS-II Expn.

During the year 2009-10 hydro test of the Boiler for Unit-I and construction of Chimney and Cooling Tower-II were completed. 400 KV switch yard was also commissioned during the year and the Generator Stator has been lifted and positioned. Erection of Water Treatment and Effluent Treatment Plants and Lignite Handling System are nearing completion. Erection of Boilers and Turbo-generators, Circulating Water System & Fire Protection System, Power Transformers, Ash Handling System and other miscellaneous works are in progress.

The anticipated commissioning of Unit-I and Unit-II as per the present progress of implementation is December 2010 and June 2011 respectively. Members may be aware that M/s.BHEL the Main Plant Package contractor, delayed in the initial stages the starting of the civil works and consequent erection works. The erection works are also progressing at a slow pace. Continuous review is being done at various levels with the top management of BHEL besides apprising Ministry of Coal, Ministry of Power and Ministry of Heavy Industries and also CEA for expediting the erection activities by BHEL and for early commissioning of the project. The cumulative expenditure incurred upto 31st March, 2010 was Rs. 1948.27 crore.

Barsingsar Mine Project in Rajasthan (2 .1 MTPA)

View of Barsingsar Mine

Overburden removal during the year 2009-10 was 101.24 LM^3. Lignite excavation commenced on 23rd November, 2009 and production attained the rated capacity on 31st January, 2010.

The Lignite production in this Mine during the year 2009-10 was 0.25 LT against the target of 5.00 LT. As stated earlier production during the year under review was regulated based on the slow progress of the power plant under implementation. The cumulative expenditure incurred upto 31st March, 2010 was Rs. 214.51 crore.

Barsingsar Thermal Power Station (2 x 125 MW)

The Unit-I (125 MW) of the Barsingsar Thermal Power Project was synchronised during October 2009 and was formally dedicated to the Nation on 5th June, 2010 by Shri. Sriprakash Jaiswal, the Hon'ble Union Minister of State (Independent Charge) for Coal, Statistics and

Programme Implementation. The Unit-II (125MW) of the above project has also been synchronised on 5th June, 2010 after completion of major erection activities and the commissioning of this Unit is expected by September 2010. Project execution got delayed due to initial delay in supply and erection activities of Main Plant Package, Switchyard and Power transformer by M/s. BHEL. The cumulative expenditure incurred upto 31st March, 2010 was Rs.1407.82 crore.

Joint Venture Project

Coal based Thermal Power Plant at Tuticorin (2x500 MW)

The Joint Venture Project between your Company and the Tamil Nadu Electricity Board (TNEB) viz., coal based thermal power plant of 2x500 MW capacity at Tuticorin in Tamil Nadu, is being implemented by your Company at a GOI sanctioned cost of Rs.4909.54 crore through NLC Tamil Nadu Power Limited, the Subsidiary Company. The equity participation in the JV Company by NLC and TNEB is in the ratio of 89:11 and share of equity contribution of around Rs.1311 crore to be made by your Company will be met through internal accruals over a period of time. The JV Company had earlier tied up with M/s.Rural Electrification Corporation Limited (REC) for its entire debt requirement of Rs.3437 crore. With a view to reduce the cost of debt component of the project, the JV Company has decided to replace the REC loan partially with a rupee term loan of Rs.2500 crore from Bank of Baroda and Bank of India consortium and this exercise would reduce the overall cost of the project and would also reduce the power tariff for the end consumers. The balance debt requirement has been proposed to be partially tied up through External Commercial Borrowings and through other forms of borrowing viz., issue of bonds etc.

In respect of Main Plant Package of Steam Generator, Turbo Generator and Electrostatic Precipitator, the contract has been awarded to M/s. BHEL during the month of January 2009. M/s. BHEL has since commenced civil works for Boiler and ESP foundations and the supplies are also in progress. Other major contracts for this project viz., Coal Handling package, Circulating Water System package, Bi-flue Chimney package, Transformer package and Natural Draft Cooling Towers package have also been awarded. In respect of other packages award of work is under finalisation.

Off-shore Conveyor System under constn.

As regards coal handling for the project, it is proposed to have a dedicated coal berth for which Tuticorin Port Trust has been entrusted with the construction and the work is under progress. The cumulative expenditure incurred for this project upto 31st March, 2010 was Rs.725 crore.

As per the sanction of GOI, Unit –I of the project is to be commissioned by March 2012 and Unit -II by August 2012. Power purchase agreements have been signed with TNEB, ESCOMs of Karnataka State, Puducherry Electricity Department and Kerala State Electricity Board.

Wind Power Project

Your Company, as part of diversification programme to sustain and improve upon the growth rate, has decided to venture into green energy business by setting up a wind based power project, with an initial capacity of 50 MW in Tirunelveli District in the State of Tamil Nadu at an estimated cost of Rs.312.50 crore with a time schedule of 10 months from the zero date i.e. the date of placement of order. However, one machine will be installed within four months from the zero date. Feasibility Report has been prepared by ITCOT Consultancy Services and the Technical Consultant for this project is Centre for Wind Energy Technology (CWET), a R&D department under the Ministry of New & Renewable Energy Resources. Tender has been floated for procuring Wind Turbine Generator and the evaluation of the bids received is in process. Wind energy being a green energy source this project will be entitled to get carbon credit for the power generated which would make the project economically viable.

Project Funding

The projected debt funding requirement for the projects under implementation viz., Mine-II Expn., TPS-II Expn. and Barsingsar Mine-cum-Power Project is around Rs 4641 crore. Your Company has already tied up rupee term loan for Rs.2500 crore, through a consortium of domestic banks with Canara Bank as the consortium leader and EURO 50 million foreign currency loan under External Commercial Borrowing (ECB) route, syndicated by Calyon Bank presently renamed as Credit Agricole Corporate & Investment Bank to fund the above projects. Your Company has also issued Secured Redeemable Non-convertible Bonds for an aggregate amount of Rs.600 crore through private placement to meet part of the debt requirement for the above projects. The balance fund requirement of Rs.1250 crore has been tied up in the form of another rupee term loan with a consortium of domestic banks with Canara Bank as the consortium leader.

Status of Advance Action Proposals (AAP) sanctioned by Government of India (GOI)

Thermal Power Project in Neyveli

Your Company has proposed to set up a new power plant of 1000 MW capacity as a replacement to the existing Thermal Power Station-I at Neyveli. Ministry of Coal (MOC) had accorded sanction for Advance Action proposals for Rs.17.85 crore that included augmentation studies for the existing mines. The proposal for setting up the above Thermal Power Project (2x500 MW) at an estimated cost of Rs.5596 crore has been submitted to the Government in October 2009 for obtaining sanction. Necessary study for augmentation of lignite from Mine-I and Mine-IA to meet the additional requirement of lignite for the power project is in process. EIA/EMP Report has been submitted to Ministry of Environment and Forests in January 2010 for the issue of environmental clearance and the same has been considered by the Expert Appraisal Committee. NOC from Airport Authority has been received. All the constituent States of Southern Region have expressed their willingness to buy power from this project and signing of Power Purchase Agreement (PPA) is in process. Ministry of Power has been addressed to decide the power allocation to the beneficiary States and also to accord Mega Power Project status for this project so as to avail certain duty concessions.

Bithnok Thermal Power Project with linked Mine

It is proposed to set up a Thermal Power Plant of 250 MW capacity with linked mine of 2.25 MTPA at Bithnok in Bikaner District in the State of Rajasthan. Ministry of Coal (MOC) has approved the Advance Action Proposal (AAP) at an estimated cost of Rs.10.45 crore for carrying out certain pre-project sanction activities for Mine and Power Projects. The Project proposal for setting up of 2.25 MTPA Mine at an estimated cost of Rs. 365.71 crore, with outsourcing option for both overburden and lignite removal and Thermal Power Project of 250 MW at an estimated cost of Rs.1670.54 crore, has been submitted to the Government during October 2009 for obtaining sanction. Public consultation process has been completed for both Mine and Power Projects. Expert Appraisal Committee of Ministry of Environment and Forest has considered the mining project. State Environmental Committee has issued the environmental clearance for the power project. NOC from Airport Authority has been received. Notification has been issued by Government of Rajasthan (GoR) for acquisition of required land for the project. Mining Plan has been approved by MOC and obtaining mining lease from GoR is in process.

Barsingsar Extension Power Project and Hadla & Palana Lignite Mine

Your Company also proposes to set up a Mine (2.5 MTPA) linking both Hadla & Palana lignite Blocks with the 250 MW power plant in Bikaner District of Rajasthan, as an extension of the on-going Barsingsar Power Project and with a view to utilise the lignite deposits in Hadla and Palana lignite blocks. Ministry of Coal has accorded sanction for the Advance Action Proposal (AAP) at an estimated cost of Rs.10.85 crore for carrying out certain pre-project sanction activities. Preparation of Feasibility Report (FR) for Hadla Mine and Thermal Power Project have been completed while the preparation of FR for Palana Block is in process. As per the Feasibility Reports the estimated cost of Hadla Mine project with outsourcing option for both overburden and lignite removal is Rs.350.13 crore while the estimated cost of the power project is Rs.1691.65 crore. Preparation of EIA/EMP report for Mine and Power project is in advanced stage.

Jayamkondam Lignite based Mine-cum-Thermal Power Project

Your Company has proposed to set up a Lignite Mine(13.5 MTPA)-cum-Power (2x800 MW) project at Jayamkondam in the State of Tamil Nadu, at an aggregate estimated cost of Rs.18184 crore. Ministry of Coal has accorded sanction of Rs.11.90 crore for the Advance Action Proposal (AAP) for taking up certain preliminary works related to this project. Administrative sanction of State Government for acquisition of the required extent of land has been sought and also for the mining lease and allocation of water from Kollidam river. Preparation of Feasibility Reports and the composite environmental report covering mine and power projects are under finalisation. Geological exploration, soil investigation, contour survey and pump test have been completed. Socio Impact Assessment Study as per the requirement of National Rehabilitation and Resettlement Plan (NRRP)- 2007 Notification is under progress. Approval for the mine plan has been received.

Gujarat Power Project with linked Lignite Mine

Your Company has proposed to set up a Mine (8.0 MTPA)–cum- Power (1000 MW) Project in the State of Gujarat, at an aggregate estimated cost of Rs.6400 crore as a Joint Venture with Gujarat

Power Corporation Limited. Ministry of Coal has sanctioned Rs 6.20 crore for the Advance Action Proposal (AAP) for taking up certain preliminary activities. The request of Government of Gujarat for allocation of higher share of power has been referred to Ministry of Power. However, GoG has evinced interest to develop the lignite block on its own to generate power for the State and the issue has been referred to Ministry of Coal.

Coal based Thermal Power Plant at Orissa

A mega coal based Thermal Power Plant of capacity (4x500 MW) has been proposed to be set up in the State of Orissa at an estimated cost of Rs.10000 crore for which Ministry of Coal has accorded sanction for the Advance Action Proposal at an estimated cost of Rs. 18.65 crore for carrying out certain pre-project sanction activities. Allocation of land in Rengali Taluk has been requested with the State Government for setting up the power plant. Participation of Mahanadi Coalfields Limited (MCL) in the above project, as a joint venture partner is also being contemplated.

Mine-III and Thermal Power Station-III at Neyveli

Your Company is updating the feasibility report prepared earlier to analyse the techno-economical viability of Mine-III project of capacity 8.0 MTPA. On completion of the same, the feasibility report for the Thermal Power Station-III of capacity of 1000 MW will be finalised.

New initiatives for Power Generation and Mining

Power Project in Uttar Pradesh

Your Company has proposed to enter into a Joint Venture Agreement with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for setting up a coal based power plant with a capacity of 2000 MW at an estimated cost of Rs.10000 crore, in the State of Uttar Pradesh. Action has been initiated to sign an MoU with UPRVUNL and also to prepare FR & EIA/EMP reports. MOC has been requested to accord sanction for Advance Action Proposal for the proposed project to take up pre-project activities. A suitable site in Kanpur Nagar district has been identified for setting up the power plant. Topographical survey of the site is proposed to be carried out by IIT, Kanpur. Government of Uttar Pradesh has been requested to provide basic infrastructural facilities like land, water from Yamuna river, supply of power and water for construction etc.

Joint Venture project in Orissa

A Joint Venture Company among Mahanadi Coalfields Limited (MCL), Hindalco and your Company with an equity participation of 70:15:15 respectively has been established for mining coal from Talabira II and III coal blocks. MCL, being the lead partner is carrying out all pre-project activities to establish a Mine of 20.0 MTPA capacity. Mine plan has been approved and land acquisition is in process. The share of coal mined from this block will be shared in the same ratio as equity and will be utilised by your Company for power generation.

Devangudi Mine Project

Your Company has proposed to explore the possibility of developing the Devangudi mine project of capacity of 1.7 MTPA located in the Neyveli lignite field.

Ultra Mega Power Projects

To meet the growing demand for energy, Government of India (GOI) has planned for developing large size power projects called Ultra Mega Power Projects (UMPP), with a capacity of 4000 MW each in various States. Your Company is exploring the feasibility of taking part in UMPP at Cheyyur in the State of Tamil Nadu, as and when notified by GOI.

Energy from other sources

Your Company as a part of diversification has also proposed to set up a 25 MW Solar Power Project. Other sources of energy viz., hydel and nuclear power projects will also be considered by your Company depending upon their viability.

Development of Coal Blocks

Earlier your Company had planned to acquire coal blocks abroad by forming NLC Videsh, a Subsidiary Company, to meet its coal requirements for the new coal based power projects. MOC has advised your Company to consider having an arrangement with Coal India Limited (CIL) in the efforts towards acquisition of coal assets abroad and also to consider to associate CIL as a JV Partner in this regard.

Your Company also intends to take up development of coal blocks allotted to State Government(s) and/or Private Companies either individually or jointly with State Governments and/or private Companies as a Public/Private Partnership project.

Power Project in Madhya Pradesh

Members may be aware that your Company had earlier planned to set up a power plant with a capacity of 1000 MW in the State of Madhya Pradesh, as a joint venture with Northern Coal Fields Limited, with 50:50 equity participation. Preliminary study indicated that the limited source of coal from Block-B might not be adequate for setting up a pithead power plant and in view of the same, further activities in connection with this project are not being taken up for the present.

Power Tariff

In accordance with the Tariff Regulations 2004, which allows tariff revision twice during the tariff period (2004-09), the Central Electricity Regulatory Commission (CERC) has issued final tariff order during the year, revising the annual fixed charges on the additional capitalisation for the period 2007-09 in respect of all the power stations of the Company.

During the last year, the Terms and Conditions of Tariff Regulations for the period 2009-14 was notified by CERC. The objective behind the new regulation is to encourage higher performance for which adequate incentives have been provided. While the operating norms have been made more stringent, the return on equity has been increased. Tariff petitions, as per the above Tariff Regulations 2009 in respect of all the existing power stations and the Barsingsar TPS for the period 2009-14 have been filed with the CERC and the hearing is in process.

Human Resource Development

Your Company believes that its growth is engineered by the growth of its people and the quality of its human resources. The total manpower of your company as on 31.03.2010 was 18,356 including 4,051 executives. Your Company continued its efforts in developing the human resources into a rebounding workforce so as to successfully meet challenges and achieve corporate excellence. To infuse young blood, 57 Graduate Executive Trainees were selected during the year through campus interviews- an attempt made for the first time in the history of your Company.

Training programmes were organised both in-house and through premier institutes in the country for more than 8000 nos. of employees. Under the "Workers Education Scheme" five programmes were conducted during the year under review.

Industrial Relation

Industrial relation scenario was generally peaceful and cordial during the year 2009-10. Your Company has a regular system of holding bi-partite meetings with the recognised unions regarding the issues of common interest of all employees. The new scheme of payment of Quarterly Plant Performance Reward (QPPR) & Productivity Linked Incentive (PLI) were implemented w.e.f. 01.01.2007. Executive pay revision with effect from 01.01.2007 has been implemented and Performance Related Pay for the year 2007-08 was paid during the year under review to executives, following the Department of Public Enterprises (DPE) Guidelines. MoU has been signed with the recognised unions for implementing wage revision for workmen and non-executives with effect from 01.01.2007.

Reservation of Posts

Your Company scrupulously follows the directives of the Government of India relating to reservation and welfare of the reserved categories such as Scheduled Caste / Scheduled Tribes, OBCs, Physically challenged, Ex-servicemen etc.

Groupwise Men-in-Position and strength of SC/ST as on 31.03.2010 are as under:

Group	Total Strength	Strength of SC/ST			% of SC/ST		
		SC	ST	Total SC/ST	SC	ST	Total SC/ST
A	3,632	717	142	859	19.74	3.91	23.65
B	419	109	33	142	26.01	7.88	33.89
C	11,915	2,541	121	2,662	21.33	1.01	22.34
D	2,390	506	11	517	21.17	0.46	21.63
Total	**18,356**	**3,873**	**307**	**4,180**	**21.10**	**1.67**	**22.77**

Implementation of Official Language Policy

In order to fulfill the statutory provisions under the Official Language Act and also to follow the guidelines of Government of India with regard to implementation of official language, your Company has taken many proactive steps to ensure use of Hindi in official communication, besides offering incentives to employees for passing out prescribed Hindi exams. During the year your Company organised Hindi Fortnight and also Hindi workshops and for the purpose of effective use of Hindi by employees, Spoken Hindi books and Administrative Glossary (Hindi-English and English – Hindi) were distributed to them.

Environmental Measures

Your Company is an environmental friendly Company and accords highest priority for ecological balance and pollution control. Continuous air monitoring, effluent monitoring, mass afforestation programme year after year and implementation of pollution control measures reflect your Company's concern for protecting the nature.

Neyveli Township including the mining area is a total green zone with more than 18 million trees which safeguards the ecological balance. Your Company's concern for environment is also evidenced by its efforts to make the Neyveli Township, a “Plastic Free Zone”.

Safety

Your Company has a well defined safety and health policy which has been formulated in line with the recommendation of Fifth Safety Conference, Ministry of Coal and as per the statutory requirements. All the machinery/ equipment in the Power Stations and in Mines have been customised and automated and have also been incorporated with adequate safety features. Clear commitment at all levels for ensuring safety at work place and area wise responsibility has been fixed to ensure safe working environment. Works Committee, Plant Safety Committee/ Bi-partite/Tripartite Committee are functioning for taking up necessary preventive/corrective actions wherever required and also to create awareness among the employees on safety and health. Emergency Preparedness Plan is in place in all Mines and Thermal Units to meet any contingencies that may arise.

Your Company has achieved Excellent level in the safety parameter in the MoU entered into with the Ministry of Coal for the past five years.

Vigilance

In consonance with the CVC guidelines preventive vigilance continued to be one of thrust areas of Vigilance Branch of your Company during the year. Circulars and guidelines of the Central Vigilance Commission were issued from time to time for further streamlining the rules, procedures etc. The Vigilance Awareness Week was celebrated during November 2009 and during the celebration the updated compendium of CVC circulars and annual report of the activities of the Vigilance Branch were released. More thrust is given for e-governance initiatives with a view to facilitate greater transparency in improving the systems and procedures.

MoU with Transparency International

Your Company is one of the few institutions who have signed the Memorandum of Understanding with Transparency International – India. This body is the Indian Chapter of Berlin based Transparency International, a not-for-profit and non-government organisation committed to eradicate corruption in any form.

Township

Neyveli Township spreading over 50 Sq. Kms., has more than 21000 self-contained quarters with all allied facilities and total population of about 1,50,000 as of date. The facilities include schools, college, sophisticated general hospital, library, swimming pools, auditorium, stadium, community welfare centres, recreation clubs, reading rooms, parks, banks, shopping complex, Government agencies, etc. Your Company has installed a water treatment plant in the township to conserve the precious ground water. Your Company has also provided township facilities in 'Shakthi Nagar' to the employees of Barsingsar Project.

Education

Your Company continues to provide quality education to the wards of employees and to the children from the neighbouring villages through 13 schools with good infrastructure and with grant-in-aid from the State Government. Training programmes such as “Counselling Techniques”. “Total Quality Teaching”, “Innovative Teaching Methods” are arranged for the benefit of the teachers of NLC Schools.

Medical Services

Your Company maintains a sophisticated 369 bedded General Hospital for providing quality medical treatment and occupational health services to the regular employees and contract workers, and their dependants apart from other inhabitants of Neyveli Township. During the year 2009-10, around 7.5 lakh out-patients and 14,947 in-patients were treated in the Hospital.

Corporate Social Responsibility (CSR)

Your Company during the year has formally adopted CSR Policy for taking up various projects / activities surrounding the Company's project sites for the welfare of the society at large. It has been decided to earmark 1% of the profit after tax as the budget for every year towards the CSR activities.

Even prior to formally adopting the CSR policy, your Company has been taking up various CSR related projects/activities for the benefit of inhabitants of neighbouring villages. Some of the initiatives taken earlier and continued during the year under review are as under:

- Your Company patronises Neyveli Health Promotion and Social Welfare Society (NHPSWS) to support its social welfare activities. This society serves by way of providing training and arranging for job opportunities for the benefit of physically challenged persons, widows and destitutes within a larger ambit of Neyveli. This Society also runs a School "Shravanee” for hearing impaired, Computer Training Institute and provide artificial limbs, etc.
- Your Company is also extending all assistance including grant and infrastructure facilities in running the Sneha Opportunity School, a day-care centre for mentally disabled children. This school adopts a holistic approach towards providing individual attention to train children in different skills like arts, crafts, weaving, carpentry, gardening, screen printing, doll making etc., in order to make them self-reliant and fit for earning their livelihood.

- Your Company also provides quality medical treatment and occupational health service through its hospital to all inhabitants of the Neyveli Township and its surrounding villages. More than one lakh rural population got medical assistance during the year 2009-10. An exclusive out-patient services unit is operated at the General Hospital wherein medical consultation services are offered free of cost to the general public. Medical treatment identity books have been issued to 10,200 eligible contract workmen for availing medical treatment for self and their family members including in-patient treatment, free of cost. A separate dispensary with adequate infrastructure has been opened in April 2009 for extending medical treatment to the contract workmen. Considering the requirements and need to provide medical care to the contract workers augmentation of further facilities in the General Hospital and building up of other infrastructure support are under progress.

- Your Company hospital has taken up CSR health initiatives which involve immunisation programme, peripheral medical camps and community health screening to benefit the surrounding rural population. Ten medical camps were conducted during 2009-10 in peripheral villages viz., Matru Kudiiruppu, Kamaraj Nagar, Uyyakundaravi, Mandarakuppam, Kathazhai, Mettukuppam and Serakuppam, which are located within 15-20 kilometre radius of Neyveli Township. Major objective of the camps was to benefit rural people who had no access to health care and to screen them for ailments like diabetes, hyper-tension, dental problems, cervix cancer and breast cancer for further treatement at NLC GH.
- Two major community health-screening camps in the Annual Book Fair and Safety Week Celebrations were conducted in the year 2009-10 covering around 9,200 visitors who had volunteered screening for HIV, diabetes, hypertension, obesity etc.
- During the year Diabetic Retinopathy Screening Camp was conducted in association with Aravind Eye Hospital, Puducherry benefitting more than 750 persons. Your Company also continued with the medical support for the elderly people residing at Thamaraikulam village in Cuddalore District, maintained by the Help Age India.
- As part of National Health Programme and also a CSR measure, the following programmes were undertaken during the year 2009-10:
  - Anti mosquito control work was carried out effectively under National Malaria Eradication Programme in Neyveli.
  - Pulse Polio Immunisation Programme was carried out successfully and 12,472 children were immunised in the surroundings of Neyveli.
  - Under Filaria Control Programme medicine was issued to the entire population of Neyveli as a prophylactic measure with the help of voluntary organisations.
- Your Company provides infrastructural support and also periodical financial grants to Jawahar Education Society which provides quality education not only to the wards of employees but also to the children of villages around Neyveli Township. Further, your Company also provides free school diaries, uniforms and footwear to the students of Elementary and Middle Schools, where the majority of the student population is from neighbouring villages.
- Your Company provides continuous supply of water to nearby villages for irrigating over 23,000 acres of land. Sinking of new bore well and maintenance of the existing bore wells for providing potable water to more than 70 villages forms part of CSR activities.

- ❖ Construction of bridges, culverts and public toilets in nearby villages were also undertaken besides laying of roads and de-silting of lakes.
- ❖ Establishment of an Industrial Training Institute in Barsingsar village to impart technical skills in various trades to the population around the project site is also in process.
- ❖ During the year 23 CSR focused training programmes covering 7,871 students and 146 teachers from various schools on various themes such as examination skills, motivation, understanding adolescence, road safety, energy conservation etc., were conducted. 3,615 students were given in-plant training at various units and 1,868 students had undertaken project work in engineering, management, finance and other disciplines.
- ❖ In recognition of the past services, your Company is implementing schemes for reimbursement of medical expenses and also extends insurance cover for retired employees and their spouses under “Retirees Health Insurance Scheme”. During the year the amount payable towards reimbursement of medical expenses to the retired employees was enhanced from Rs.3,500/- to Rs.6,000/-. Family Relief and Death Relief Fund Schemes are also in operation for the benefit of eligible dependents of the employees who die in harness.

Contribution to the cause of Women

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

Awards

- ❖ Your Company has been declared as the “Best Establishment of the Region” for the year 2008-09 by the Directorate General of Employment and Training, Ministry of Labour & Employment, Govt. of India.
- ❖ Your Company has bagged the "Shramik Shiksha Award" for imparting quality education to its workers. The award was instituted by Central Board of Workers Education (CBWE), Nagpur functioning under the aegis of Ministry of Labour and Employment, Government of India.
- ❖ Your Company has also bagged the Dalal Street Investment Journal PSU Award, for the year 2010 under "PSU with highest market capitalisation" category.
- ❖ During the year, “The longest accident free year for the State” was received from the Government of Tamilnadu for the calendar year 2006.
- ❖ During the year, Quality Circles of the Company participated in the National Convention of Quality Circles organised by QCFI, Bengaluru Chapter and won meritorious and excellence awards.

Compliance under Persons with Disabilities Act, 1995

Your Company ensures compliance under the Persons with Disabilities Act,1995. Suitable provisions/ modifications are made in the working place to meet the requirements of such 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, Appellate Officer and Central Assistant Public Information Officers representing different functional area have been nominated to attend to the queries/appeals received under the RTI Act in a time bound manner. During the year 2009-10, 227 nos. of requests containing more than 833 queries were received from the general public and all requests have been complied with.

Citizen's Charter

Your Company maintains Citizen's Charter, indicating details of clients, customers under different heads, system of redressal of grievance available and nodal authorities for redressal of grievance. The Citizen's Charter is regularly updated.

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 the 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 together with the Auditors' Certificate on the compliance of Corporate Governance conditions stipulated by Clause-49 of the Listing Agreement are furnished in Annexure-3 and 4 respectively.

Auditors

Cost Audit

S.Mahadevan & Co., Cost Accountants, have been appointed as the Cost Auditors for the year 2009-10 to carry out the cost audit for the three Power Stations of the Company.

Statutory Audit

Ganesan and Company, Chartered Accountants and L.U.Krishnan & Company, Chartered Accountants, were appointed by the Comptroller & Auditor General of India (C&AG), as Joint Statutory Auditors for the year 2009-10 under Section 619 (2) of the Companies Act, 1956. The Board of Directors of the Company has fixed Rs.9.0 lakh as the Statutory Audit fees, to be shared equally by the Joint Auditors in addition to reimbursement of out of pocket expenses at actuals.

Reply to Statutory Auditors' observation on the accounts of the Company for the year ended 31st March, 2010 is furnished in Annexure-5.

C&AG's Comments

C&AG's Comments on the accounts for the year ended 31st March, 2010 are furnished in Annexure-6.

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 this 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.J.N.Prasanna Kumar and Shri. V.Sethuraman, relinquished their office on 30.09.2009 and 31.03.2010 respectively on attaining their age of superannuation. Dr.M.S.Ananth, Part-time Non-official Director who was on the Board of Directors of the Company relinquished his office w.e.f. 31.10.2009 on completion of three year tenure. Dr. Rajiv Sharma, the then Additional Secretary, Ministry of Coal, Government of India and Shri M.F.Farooqui, the then Secretary to Government of Tamil Nadu, Industries Department, relinquished from the Board of Directors of the Company w.e.f. 31.07.2009 and 07.12.2009 respectively. Sarvashri Y.N. Apparao, Shashi Kumar, Dr. Krishna Kumar, Ravindra Sharma, P.K. Choudhury, Prof. S. Sadagopan and S. Rammohan, Part-time Non-official Directors relinquished their office w.e.f. 01.06.2010 on expiry of the tenure as per the terms and conditions of their appointment. Sarvashri R.Kandasamy, K.Sekar, Alok Perti and Rajeev Ranjan were inducted into the Board of Directors of the Company during the year under review. Dr. Sanjay Govind Dhande has been inducted as a Part-time Non-official Director on the Board of the Company with effect from 26.06.2010.

The Board places on record its appreciation for the valuable contribution and guidance provided by Sarvashri J.N.Prasanna Kumar, V.Sethuraman, Dr.M.S.Ananth, Dr.Rajiv Sharma, M.F.Farooqui, Y.N. Apparao, Shashi Kumar, Dr. Krishna Kumar, Ravindra Sharma, P.K. Choudhury, Prof. S. Sadagopan and S. Rammohan, during their tenure as Directors of the Company. Shri B. Surender Mohan, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

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.

Acknowledgement

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

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

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

for and on behalf of the Board of Directors

Place : Chennai
Date : 22.07.2010

A.R.ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Annexure-1

A. Conservation of Energy

a. Energy conservation measures taken

- Detailed energy audit was conducted in Unit-2 (210 MW) & station auxiliaries in TPS-I Expansion and the recommendations are being implemented in a phased manner.
- 1000 LPD Solar Water Heater is installed for steam cooking in TPS-I Expansion.
- In all the new machines and drive heads for the Mine-II Expansion, Programmable Logic Control Systems are used instead of the conventional contactors. Control circuits and variable voltage and variable frequency systems speed control techniques for all main motor loads have been introduced to save considerable energy.
- In vulcanising division in Mines the conveyor belt joints are being carried out using ceramic heater plates instead of the conventional heater plates which consume only 50 % of energy compared to the conventional one.
- As a part of energy conservation measures in TPS-II one stage of Condensate Extraction Pump in three units (4, 5 & 6) of Stage-II was reduced after studying the techno economical feasibility. As a result of this stage reduction, about 87 KW of power in each Condensate Extraction Pump is being saved which helps to earn revenue of about Rs.40 lakh per year without any appreciable modification cost.
- Installation of timer switches, replacement of conventional Sodium Vapour Lamps with Compact Flourescent Lamps, replacement of conventional energy meters with electronic energy meters are being done in plants and Township which save lot of energy.

b. Additional Investment proposals for the year 2010-11

The estimated cost of additional investment proposals for reduction in energy consumption is Rs.300.63 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 recommendation based on energy audit carried out earlier in Thermal Power Station-I, Thermal Power Station-I Expansion and Mine-II are being implemented and during the year 2009-10 an energy saving of 44,32,121 units (Kw/Hr.) has been achieved in all the Mines combined and in Power stations, Auxilary Power consumption has reduced from 10.08% in 2008-09 to 9.93% in 2009-10 of total generation in all the Power Stations combined.

B. Technology Absorption

Efforts made in technology absorption

As per form B annexed.

Total foreign exchange earnings and outgo

Total foreign exchange used	:	Rs.189.32 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. Fly ash based pesticide and bio-pesticides were developed and tested in crops in association with Annamalai University and mosquito larvae with VCRC, Puducherry. Pesticide residue survey in and around Neyveli-water bodies, aquifer, soil and plant samples were carried out and the analysis of soil and water samples showed no residue of pesticide. All these activities are carried out under the Coal S&T project 'Development and use of Fly ash based pesticides'.

ii. Under the Coal S&T project titled 'Survey and ecological conservation of NLC environment through bioremediation', pollution tolerant and sensitive tree species have been identified. Trees with high CO_2, SO_2 and NO_2 assimilation rate also have been identified. The draft project completion report has been submitted to CMPDI, Ranchi.

iii. Laboratory scale production of zeolite from fly ash was optimised in association with IIT/Kharagpur and its efficiency to remove calcium from ground water is being studied.

iv. Problems associated in mining viz., the issues associated with corrosion in SME track frames were extensively studied by CECRI / Karaikudi and suitable corrosion prevention coating was developed and applied to a spreader in Mine-II. After about six months of severe exposure the surface was examined and found the coating intact and no rust spot was observed.

v. To prevent corrosion problems in storm water control pumps a joint R&D project has been taken up with National Institute of Technology/Trichy. Through lab tests suitable coatings to withstand corrosion have been identified and the coating agencies are being identified for field trial.

vi. Preliminary studies on power factor improvement at higher capacity conveyor drive heads were conducted. Appropriate improvement measures are identified and the design of capacitor bank is in progress.

vii. The geo-physical electrical resistivity survey for delineating subsurface hard rocks in Mine-I and geo-physical electrical self potential survey for delineating massive marcasite occurrences in Mine-II were carried out. Further studies to identify hard bands at different depth will be taken up.

viii. A joint project has been taken up with VIT/ Vellore to do a mathematical modeling of dispersion of pollutants from thermal power plants at NLC. Preliminary data has been given to VIT and modeling and validation works are in progress.

II. Benefits derived as a result of R&D

1. Commercialisation of the patented process for the production of potassium humate from lignite through M/s. NRDC is in progress. About 101.6 Kilo liters of potassium humate was produced in the pilot plant and the revenue earned from this was Rs.18.26 lakh. Response and feed back from the farmers for this product are encouraging.

2. The ambient air CO_2 level in and around Neyveli was recorded in 33 locations and the trend in CO_2 values have been studied in relation to parameters like temperature, humidity and photo synthetically active radiation. A vegetation map for Neyveli area has been prepared in association with M/s.Salim Ali Centre for Ornithology and Natural History (SACON), Hyderabad. The tolerant tree species identified under the S&T Project 'Survey and ecological conservation of NLC environment through bioremediation with tree species' will be included in NLC's afforestation programme for perpetuation and sustaining a clean environment.
3. Periodical long term studies conducted in abandoned ash pond for sub-soil ash leaching in and around the ash pond bore wells of TPS-I revealed that the parameters are within the prescribed limits mentioned in Bureau of Indian Standards for drinking water including heavy metals.
4. Application for the grant of patent of the process 'Activated carbon from Neyveli Lignite' has been filed jointly with M/s. NIIST, Thiruvananthapuram.

III. Future Plan of action

i. Utilisation of bottom ash for the replacement of river sand.
ii. Geochemical studies in lignite zone through Global Positioning System.
iii. Failure analysis of track link pins in mining equipment.
iv. Improvement of mined out water quality for utilisation in down stream units through a hybrid process.
v. Carbon di-oxide sequestration by biological methods.

IV. Expenditure on R&D

(Rs. in lakh)

Sl.No	Description	Funded by		Total
		NLC	Other Agencies*	
1	Capital	14.16	0.33	14.49
2	Recurring expenditure	845.29	6.96	852.25
3	Total expenditure	859.45	7.29	866.74
4	Total R&D expenditure as % on turnover	0.208	0.001	0.21

*** S&T projects funded by Ministry of Coal.**

Annexure-2

Management Discussion and Analysis Report

Industry Structure and Development

Lignite Mining

Exploration

In the energy scenario, fossil fuel continues to play a dominant role in India as in any other parts of the world and the share of coal and lignite varies in this regard between 41% and 54%. Tamilnadu and Puducherry accounts for more than 80% of the total lignite resources in India. The other lignite bearing States are Rajasthan, Gujarat, Jammu & Kashmir, Kerala and West Bengal.

Integrated Lignite Resource Information System (ILRIS)

The lignite database project "Integrated Lignite Resource Information System (ILRIS)" is maintained by your Company on behalf of Ministry of Coal since 2004. The main objective of the project is to create a comprehensive database of all available lignite exploration data of lignite blocks in the country for the purpose of providing technical/managerial information to Govt./Policy planners and other entrepreneurs. Action is being taken to place the structured information on website for providing basic information on lignite blocks in the country as per the advice of Ministry of Coal.

As a nodal agency for lignite exploration and exploitation schemes in the country, your Company is involved in technical supervision and monitoring of exploration works being carried out by MECL in lignite area under promotional lignite exploration scheme funded by Ministry of Coal, Govt. of India. Under this exploration scheme around 825 MT of Indicated/Inferred geological resources have been established during 2009-10 in Tamilnadu and Rajasthan States through regional exploration.

Lignite Inventory as on 01.04.2010

(in million tonnes)

Sl. No.	State	Category-wise lignite reserves			Total
		Proved	Indicated	Inferred	
1	Tamilnadu & Puducherry	3735	22928	5730	32393
2	Rajasthan	1167	2137	1500	4804
3	Gujarat	1244	259	1160	2663
4	Jammu & Kashmir	-	20	7	27
5	Kerala	-	-	10	10
6	West Bengal	-	-	1	1
	Total	6146	25344	8408	39898

Out of the total reserves available in Tamil Nadu/Puducherry, only around 12% is under proven category within 150 mts. depth and the balance are deep seated which may not be economically viable for extraction with the present open cast mining technology. In order to tap deep seated as well as shallow lignite deposits, which are not amenable for conventional mining, Underground Coal Gasification (UCG) could be resorted to. However, such gasification may be possible only in geologically suitable blocks with optimum seam thickness. Controlled gasification of thick seams may not be possible as it could lead to subsidence of land.

Demand and Production

The anticipated lignite demand and production per annum in the country at the end of XI and XII plan periods are as under:

(in million tonnes)

	XI Plan (2007-12)	XII Plan (2012-17)
Demand	55.92	87.93
Production	54.96	82.18

In view of the rapidly increasing demand for energy, non availability of coal deposits for exploitation in the states of Tamil Nadu, Rajasthan and Gujarat, it is considered necessary that the lignite deposits available in these states are exploited to the maximum for power generation which would be the best economic and viable option.

Power

Long term energy security is the prime requirement for any country for its economic growth. The objective of the National Electricity Policy is to accelerate the development of the power sector for providing adequate reliable power, at affordable cost to all citizens, covering all villages and hamlets. Though our country is stated to be the one of the largest energy consumers in the world, the per capita consumption of energy is very low compared to developed countries. The Government of India has an ambitious mission for providing "power for all" by 2012. This mission would require the installed generation capacity to be atleast 2.0 lakh Mega Watt (MW) by 2012 from the present level of around1.59 lakh MW as on 31st March, 2010.

Demand

The growth of demand for electrical energy is exponential and the present capacity addition does not match with the demand growth. To meet the present requirement the power sector is required to grow at least at a rate of 10%. The deficit with respect to peak demand as on 31st March, 2010 is in the order of 13.3% and in the years to come, this is likely to go up further . According to 17th Electric Power Survey (EPS) the demand projections on All India basis at the end of XII and XIII Plan periods would be in the order of 1392 terra watt hour and 1915 terra watt hour respectively.

Production

With the thrust given by the Government in the last one decade for developing the power sector, the installed power generation capacity has grown considerably though not matching to the actual requirement. The aggregate all-India installed capacity of electric power generating stations as on 31.03.2001 was 101630.08 MW and the all-India installed capacity as on 31.03.2010 is 159398.49 MW, registering a growth of more than 56%. The electricity generation from all sources increased from 499.5 BU in 2000-01 to 746.49 BU in the year 2009-10. As per 17th EPS 3.0 lakh MW of installed capacity would be required by the end of XII Plan and 4.10 lakh MW at the end of XIII Plan.

Power Tariff

The Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998, inter-alia, determines the power tariff for generating Companies owned or controlled by Central Government and generators selling power to more than one State.

The current tariff regulations for the period 2009-14 has been issued by CERC in January 2009 for generation and transmission projects.

Opportunities and Threats

Opportunities

The demand for power in our country always outstrips over the supply leading to power deficit. The demand forecast analysis of 17th EPS provides ample opportunity for all players in this sector. The Government of India has initiated several measures to accelerate the power generation in order to achieve the envisaged economic growth rate. These include identifying Power Sector as the Infrastructure Sector by the Government. Further the Government of India has also chalked out plans for development of more number of Ultra Mega Power Projects of capacity of 4000 MW each through tariff based competitive bidding route and such projects have been given various concessions in the form of reduced duties etc.

Power Exchanges have started operating which provides better distribution and availability of power needy consumer. Open access is one of the key features of the Electricity Act, 2003 which facilitates inter-state transmission of power. Further the Regional Power Grids established also facilitate transfer of power from one region to another.

The Government policy provides for development of coal blocks either individually or jointly with State Governments and/or Private Companies as a Public/Private Partnership project. The generators also have the option to acquire coal assets abroad to meet their coal requirement.

State of the art technologies are available for high efficiency power plants which ensures lesser consumption of fuel and also maintains lesser emission levels.

In respect of lignite reserves which are not amenable for conventional mining possibilities are being explored to exploit through Underground Coal Gasification (UCG) and extraction of Coal-bed Methane (CBM). If UCG and CBM methodologies are proved successful and viable then it will open the door for exploring deep seated lignite reserves, in future.

Threats

For any mining project acquisition of land will be the major concern. The socio-economic issues related to land acquisition and the associated rehabilitation and resettlement issues have a major bearing on the successful acquisition of the land. There is a stiff resistance for land acquisition. Compulsion for employment and the higher cost of rehabilitation and resettlement packages may render certain intended projects unviable.

Mining operations generally raise a lot of environmental concerns and various operational norms, specifically restrictions on drawal of ground water, have been laid down by environmental authorities for maintaining ecological balance. Moreover for a Mine located nearer to coastal area there is an added threat of sea-water intrusion into the aquifer.

As regards power industry, for central power generators, the tariff is fixed by regulatory authorities based on stringent operational norms which may affect the revenue earning capacity of the power generators.

Domestic manufacturing of power equipment and specialised mining equipment is limited resulting in dependence on foreign supply. Further, delay on the part of domestic power equipment manufacturer because of over-book order position and other constraints affect the implementation of the projects on schedule.

Segment-Wise Performance

Covered in the main report.

Outlook

Lignite Mining

With the commissioning of Mine-II Expansion and Barsingsar Mine, the total lignite mining capacity of your Company has increased from 24.0 MTPA to 30.6 MTPA. As discussed in the main report, your Company has already submitted project proposals to Government of India for sanction of Mine project in Bithnok block and taking into account the Hadla and Palana block also, the lignite mining capacity during the XII Plan will increase to 35.35 MTPA. With the other envisaged mining projects in the State of Tamil Nadu and Gujarat the total lignite mining capacity when commissioned during the XII Plan would further increase to 64.85 MTPA. To expand its mining activity in Gujarat State, your Company has completed detailed exploration in Valia lignite block located in Bharuch district.

Power

Lignite based projects

Both Barsingsar Power Project in Rajasthan and Unit-I of TPS-II Expansion project in Neyveli are expected to be commissioned during the year 2010-11 and Unit-II by June-2011. With that, the total power generation capacity would increase to 3240 MW. The Thermal Power project proposals submitted to the Government viz., New Thermal Power Plant at Neyveli (1000 MW) and Bithnok Power Project (250 MW) would be commissioned during the XII Plan. The project proposals for the proposed power project of capacity of 250 MW, as extension of Barsingsar Power Project, is under submission to the Government for sanction and this project would add another 250 MW during the XII Plan. Other lignite based power projects proposed in the State of Tamil Nadu and Gujarat would add further capacity of 3600 MW and thus the total lignite based power generation capacity by the end of XII Plan would be 7740 MW taking into account the phasing out of TPS-I of capacity of 600 MW.

Coal based projects

Your Company is implementing a 2x500 MW coal based Thermal Power Project at Tuticorin in Tamilnadu as a Joint Venture Project with TNEB and has also proposed to set up a coal based Joint Venture Project in Uttar Pradesh (2000 MW). Your Company has also proposed to set up on its own a power project of capacity of 2000 MW in Orissa. Feasibility to bid for the UMPP at Cheyyur in Tamilnadu as and when notified by the Government, is also being explored.

Wind & Solar

Your Company has taken a small step to harness the green energy. As stated earlier it is proposed to set up a wind farm of capacity of 50MW initially and increase further in due course. As regards solar energy, a 25 MW solar project is being planned for implementation.

Coal Blocks

As stated in this report the lignite deposits are mainly available in the States of Tamil Nadu, Gujarat and Rajasthan. Your Company has plans to set up power projects in other States also for which proposals are under consideration for acquiring coal assets abroad in arrangement with CIL and also to develop the domestic coal blocks allotted to State Government(s)/Private under Public/Private Partnership project.

Underground Coal Gasification

As a diversification initiative, your Company has proposed to venture into clean coal technologies and accordingly has identified some lignite blocks in the country for implementing Underground Coal Gasification (UCG) Project. Initially UCG technology is proposed to be developed in Raneri lignite block in Rajasthan and in this regard CMPDI has been engaged to finalise the developing agency.

On successful development of the UCG technology in Raneri block, other suitable lignite blocks could be developed in future for exploitation.

Risks and Concerns

- Prevailing socio-economic conditions make acquisition of land very complex. This involves higher outgo towards cost of rehabilitation and resettlement packages, demand for employment of land evictees, general resistance to land acquisition etc., which impedes the implementation of the projects and advancement of existing Mines.
- The geological conditions of mines determine the Overburden (OB) to Lignite ratio. In case of adverse ratio, higher OB is required to be removed which in turn increases the cost of production of lignite.
- Mines also face adverse hydrological conditions requiring continued depressurising of confined aquifers subject to the conditions laid down by the Central Ground Water Board.
- Your Company is situated in a cyclone prone area and so mining operations tend to get disturbed during monsoon.
- The main feed stock for Thermal Stations of the Company is lignite. Lignite by nature is a low calorific value fuel and hence the consumption of feed stock is higher compared to other fuels. Unlike coal, lignite contains high moisture, which also affects efficiency of steam generation.
- Stringent operational norms are being prescribed by the regulatory authorities for the purpose of fixing the tariff. Any adverse changes on the tariff policy would have a material impact on the profitability of your Company.
- Stringent environmental protection norms lead to relatively higher input cost of power plant equipment for new projects, which in turn increases the cost of power generation.
- Possibility of increased power supply from hydel power stations during the period of continuous heavy rainfall leads to reduced off-take of power from Thermal Stations as the cost of hydel power is comparatively lower than the thermal power.
- Escalating cost of new power plants.

Internal Control Systems and their adequacy

The Company has well-established internal control systems and procedures commensurate with its size and nature of business with an approved and well laid out delegation of authority. Policy guidelines in the form of Purchase Manual and Contracts Manual are in place. The internal audit is conducted by five external firms of Chartered Accountants covering all the offices/ areas of operations and their reports are periodically reviewed by the Audit Committee.

Audit Committee supervises the financial reporting process through review of periodical financial statements. Audit Committee also periodically interacts with Internal and Statutory Auditors to assess the adequacy of internal control systems. 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.

***

Annexure-3

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

The composition of the Board of Directors of your Company headed by an Executive Chairman is comprised six Executive Directors and two Non-executive Directors and seven Independent Directors on 31st March, 2010. One Independent Director who was on the Board of the Company relinquished the position w.e.f. 31.10.2009 on completion of three year tenure as per the terms and conditions of appointment issued by Ministry of Coal (MOC), Government of India.

As required under Clause-49 of the Listing Agreement, the particulars regarding composition of the Board of Directors as on 31st March, 2010 and other details are furnished below:

Sl. No.	Name (Sarvashri)	Designation	Other Directorships held as on 31.03.10	Other Committee Memberships held as on 31.03.10	
				As Member	As Chairman
Executive Directors					
1	A.R.Ansari	Chairman-cum-Managing Director	1	-	1
2	V.Sethuraman	Director (Power)	1	1	-
3	P.Babu Rao	Director (Personnel)	-	-	-
4	B.Surender Mohan	Director (Mines)	-	-	-
5	R.Kandasamy	Director (Planning & Projects)	2	1	-
6	K.Sekar	Director (Finance)	1	1	-
Non-executive Directors					
7	Alok Perti	Additional Secretary, Ministry of Coal, Government of India - Part-time Official Director	1	-	-
8	Rajeev Ranjan	Secretary to the Government of Tamil Nadu, Industries Department - Part-time Official Director	14	-	-
Independent Directors					
9	Y.N.Apparao	Part-time Non-official Director	3	1	-
10	Shashi Kumar	-do-	7	1	-
11	Dr.Krishna Kumar	-do-	1	-	-
12	Ravindra Sharma	-do-	1	1	-
13	S.Rammohan	-do-	4	2	-
14	P.K.Choudhury	-do-	9	3	-
15	Prof.S.Sadagopan	-do-	4	-	-

Board Procedures

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

Dates of Board Meetings and Directors' Attendance

During the financial year 2009-10, 9 meetings of the Board of Directors were held on the following dates: 20th April, 2009, 20th June, 2009, 28th July,2009, 3rd September, 2009, 26th October, 2009, 22nd December, 2009, 22nd January,2010, 4th March, 2010 and 27th March, 2010.

The maximum time gap between any two succesive Board meetings was not more than four calendar months.

The details of attendance of Directors at the Board Meetings held during the financial year 2009-10, were as under:

Name (Sarvashri)	No. of meetings attended out of 9 held	Remarks
Executive Directors		
A.R. Ansari	9	
V. Sethuraman	9	
P. Babu Rao	9	
B. Surender Mohan	9	
R.Kandasamy	5	Inducted w.e.f. 17.09.2009
K.Sekar	5	Inducted w.e.f. 01.10.2009
J. N. Prasanna Kumar	4	Relinquished on 30.09.2009
Non-Executive Directors		
Alok Perti	2	Inducted w.e.f. 16.02.2010
Rajiv Sharma	3	Relinquished w.e.f. 31.07.2009
Rajeev Ranjan	2	Inducted w.e.f. 22.01.2010
M.F.Farooqui	2	Relinquished w.e.f. 07.12.2009
M.S.Ananth	2	Relinquished w.e.f. 31.10.2009
Y.N.Apparao	8	
Shashi Kumar	6	
Krishna Kumar	5	
Ravindra Sharma	9	
S.Rammohan	7	
P.K.Choudhury	4	
S.Sadagopan	8	

General Meeting Attendance

Shri. A.R.Ansari CMD, Sarvashri. J.N.Prasanna Kumar, V.Sethuraman, P.Babu Rao, B.Surender Mohan, Y.N.Apparao, Ravindra Sharma, M.F.Farooqui and Dr.M.S.Ananth, Directors attended the last Annual General Meeting held on 3rd September, 2009.

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 Executive 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 A.R.Ansari, as its Chairman and Sarvashri B.Surender Mohan, R.Kandasamy and K.Sekar, Directors as its Members.

Project Sub-Committee

Project Sub-committee has been constituted by the Board of Directors 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 projects presently under implementation by the Company. As on 31st March, 2010 this Committee comprised Shri A.R.Ansari as its Chairman and Sarvashri V. Sethuraman, B.Surender Mohan, R.Kandasamy, K.Sekar, Y.N. Apparao, Shashi Kumar and Krishna Kumar, Directors as its Members.

Audit Committee

Consequent to the relinquishment of office by Dr.M.S.Ananth, Director, during the year, the Audit Committee was reconstituted and as on 31st March, 2010 this Committee comprised Shri S.Rammohan, Director as its Chairman and Shri P.K.Choudhury, Prof.S.Sadagopan and Shri Shashi Kumar, Directors as its Members and all the Members of the Committee were Independent Directors. The terms of reference of Audit Committee conformed to the requirements of Section 292A of the Companies Act, 1956 and Clause-49 of the Listing Agreement with the Stock Exchanges. The details of attendance of Members at the Audit Committee Meetings of the Company held during the year 2009-10 were as under:

Name (Sarvashri)	No. of meetings attended out of 6 held	Remarks
Chairman of the Committee		
Dr.M.S.Ananth	4	Relinquished w.e.f.31.10.2009
S.Rammohan	5	
Members		
P.K.Choudhury	3	
Prof.S.Sadagopan	5	
Shashi Kumar	1	Inducted on 22.12.2009

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

Sub-Committee for Contribution/ Donation/ Sponsorship

This Sub-committee of Board of Directors accords approval for proposals for Contribution/ Donation/ Sponsorship by the Company upto the value delegated by the Board. This Committee presently comprises Shri A.R.Ansari, as its Chairman and Sarvashri P.Babu Rao, B.Surender Mohan and K.Sekar, Directors as its Members.

Sub-Committee for Resource Mobilisation

This Committee presently comprising Shri A.R.Ansari as its Chairman and Sarvashri B.Surender Mohan and K.Sekar, 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 investments, as per DPE guidelines and the Board approved investment policy, by this Committee comprising Shri A.R.Ansari, as its Chairman and Shri K.Sekar and any one of the other Executive Directors as its Members.

Sub-Committee for Investors Servicing

This Sub-committee presently consisting of Sarvashri K.Sekar and B.Surender Mohan, Directors as its Members, accords approval for Share Transfers/ Transmission etc. and also for issue of Duplicate Share Certificates and for issue of Share Certificates against Rematerialisation requests.

Shareholders/Investor Grievance Committee

As on 31st March, 2010 the Shareholders/Investor Grievance Committee comprised Shri.Ravindra Sharma as its Chairman and Sarvashri K.Sekar and Y.N.Apparao, Directors, as its Members, and this committee was constituted by Board to look into the redressal of Shareholders/Investors grievances and review the action taken by the Company.

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

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. During the year, 245 nos. of complaints were received from shareholders/investors and out of which 232 nos. of complaints related to non-receipt of dividend, 11 nos. to non-receipt of Annual Report and the balance 2 nos. to non-receipt of share certificate lodged for transfer. As per the report received from the Share Transfer Agent, there were 2 nos. of complaints pending for redressal as on 31.03.2010 and the same were redressed in the first week of April 2010.

As reported by the STA, as on 31st March, 2010 all applications for share transfers lodged with the Company have been processed except eight applications which were received during the last fortnight of March, 2010 and the same were processed in the month of April 2010.

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 A.R.Ansari as Chairman and Sarvashri K.Sekar and B.Surender Mohan, Directors as its Members has been constituted by the Board to approve policies and issues relating to transfer price of lignite, lignite price and policy in respect of sales to outsiders and tariff for power sales, if any, made to direct consumers.

Remuneration Committee

The appointment of Executive Directors including 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 (PRP) for Executives and Supervisors, as required under the DPE guidelines, the Board had constituted a Remuneration Committee comprising Shri Shashi Kumar as Chairman and Sarvashri Y.N.Apparao, Ravindra Sharma and Prof. S. Sadagopan, Directors, as its Members and this Commitee met on 27.05.09, 08.07.09 and 26.05.10 to finalise the PRP for the years 2007-08 and 2008-09.

The details of remuneration paid to the Executive Directors during the year 2009-10 are as under:

Sl. No.	Name of the Director (Sarvashri)	Salary for the year (Rs.)	Salary arrears (Rs.)	Benefits (Rs.)	Performance linked incentives* (Rs.)
1.	A R Ansari	1243248	730850	303308	640283
2.	P Babu Rao	1197244	831288	311804	640175
3.	B Surender Mohan	1033650	531280	221834	230181
4.	R Kandasamy	666173	-	86478	227779
5.	K Sekar	597123	-	80663	231749
6.	J N Prasanna Kumar	586602	745074	1782431**	630443
7.	V Sethuraman	1228154	773940	1822763**	647789

* relating to the year 2007-08 ** including terminal benefits

For the above Executive Directors, no bonus/ Commission was paid and no Stock Options were issued during the year. The service contract/ notice period/ severance fee etc., for the above Directors are as per the terms of appointment issued by the Government of India.

No remuneration/sitting fee is being paid to Part-time official Directors nominated by the Government. In respect of Independent Directors, no remuneration is being paid excepting sitting fees @ Rs.10,000/- for attending each Board/Committee Meeting. The details of sitting fees paid to Independent Directors during the year 2009-10 are as under:

Sl. No	Name of the Director (Sarvashri)	Sitting fee paid for (Rs.)	
		Board Meetings	Committee Meetings
1.	M.S.Ananth	20000	40000
2.	Y.N.Apparao	80000	80000
3.	Shashi Kumar	60000	50000
4.	Krishna Kumar	50000	10000
5.	Ravindra Sharma	90000	70000
6.	S.Rammohan	70000	70000
7.	P.K.Choudhury	40000	30000
8.	S.Sadagopan	80000	70000

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 signed 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, 2010".

General Body Meetings

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

Year	Date &Time	Venue
AGM 2006-2007	03.09.2007 11.00 Hrs.	"Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T T K Road, Chennai 600 018.
AGM 2007-2008	02.09.2008 11.00 Hrs.	-do-
AGM 2008-2009	03.09.2009 11.00 Hrs.	-do-

Special Resolutions

No special resolutions were passed in the previous three Annual General Meetings.

Postal Ballot

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

Disclosures

The Company, during the year, has not entered into any transactions of material nature with the Directors of the Company that may have potential conflict with the interests of the Company at large. No penalties, strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matters relating to capital markets during the last 3 years.

Means of Communication

No separate half-yearly report has been sent individually to shareholders. The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The financial results are published in leading National news papers and also in a local vernacular daily and the said results are also made available in the Company's website – www. nlcindia.com, in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchanges. The Company's official news releases are also made available in the Company's website.

General Shareholder Information

AGM : Date, Day, time and venue : 2nd September, 2010 -Thursday - 11.00 Hours
Kamaraj Memorial Hall,
New No. 492, Anna Salai,
Chennai - 600 006.

Financial Calendar for the year 2010-11 (tentative)

Results for the first quarter ending 30th June	Within 45 days from the end of the quarter
Results for the second quarter ending 30th September	-do-
Results for the third quarter ending 31st December	-do-
Resulted for fourth quarter ending 31st March (or) Audited yearly results	-do- Within 60 days from the end of the year.

Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 21.08.2010 to 02.09.2010 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for the dividend, if any, declared at the ensuing Annual General Meeting.

Dividend payment date

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

Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both Stock Exchanges upto the year 2010-11.

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 2009-10 as quoted at the Bombay Stock Exchange and its comparative performance with the broad base BSE Sensex during the same period were as under:

Month	Share Price (Rs.)		BSE Sensex	
	High	Low	High	Low
April 2009	104.70	82.55	11,492.10	9,546.29
May 2009	142.90	90.90	14,930.54	11,621.30
June 2009	147.35	113.35	15,600.30	14,016.95
July 2009	138.75	108.60	15,732.81	13,219.99
August 2009	145.90	125.50	16,002.46	14,684.45
September 2009	143.90	125.10	17,142.52	15,356.72
October 2009	144.70	125.60	17,493.17	15,805.20
November 2009	162.70	122.10	17,290.48	15,330.56
December 2009	158.40	141.00	17,530.94	16,577.78
January 2010	177.70	144.80	17,790.33	15,982.08
February 2010	162.00	144.00	16,669.25	15,651.99
March 2010	165.40	144.50	17,793.01	16,438.45

Share Transfer System

The share transfer requests lodged with the Company are processed by the Company's Share Transfer Agent and approved by the Sub-committee of Board of Directors for Investor Servicing which normally meets thrice or more in a month depending upon the requirement.

Shareholding Pattern

The Shareholding Pattern of the Equity Share Capital of the Company as on 31st March, 2010 was as under:

Category	No.of Shares	% to total
President of India	1569639100	93.56
Financial Institutions/Banks	259175	0.02
Insurance Companies	72042209	4.29
Mutual Funds/UTI	1428565	0.09
Bodies Corporate	5838949	0.35
Foreign Institutional Investors	4100415	0.25
Directors & Nominee of the President of India	800	0.00
NRI	907536	0.05
Public	22379862	1.33
Clearing Members	1061209	0.06
Others(Trusts)	51780	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: 2nd 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@iepindia.com

Distribution of Shareholding as on 31.03.2010

No. of equity shares held	No.of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 - 500	105829	93.87	13136906	0.78
501 - 1000	4099	3.64	3360133	0.20
1001 - 2000	1514	1.34	2334827	0.14
2001 - 3000	425	0.38	1111992	0.07
3001 - 4000	201	0.18	729210	0.04
4001 - 5000	193	0.17	921012	0.05
5001 - 10000	230	0.20	1693919	0.10
10001 & above	252	0.22	1654421601	98.62
Total	**112743**	**100.00**	**1677709600**	**100.00**

Details of Shares held by Non-executive Directors

As per the declaration received, no Non-executive Director is 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, 2010, 10,54,22,493 equity shares have been dematerialised. The equity shares are actively traded on the Exchanges.

Plant locations

Three lignite mines and three thermal power stations are located in Neyveli, Cuddalore District in Tamil Nadu and one lignite mine is located at Basingsar in Rajasthan. In addition, one Thermal Power Station each is under construction in Barsingsar and in Neyveli and through the subsidiary Company at Tuticorin.

Address for correspondence

Shareholders/Investors may send their correspondence to the Company Secretary to either the Registered Office at 'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010 (Tel. No.044 28364617) or the Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu (Tel.No.04142-252205). Shareholders may also send their communication electronically to investors@nlcindia.com, the exclusive e-mail-id provided as required under the listing agreement. The investors may also communicate with Integrated Enterprises (India) Ltd., the Depository Registrar & Share Transfer Agent for redressal of their grievance, if any.

Non-Mandatory Requirements

Chairman of Board

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

Remuneration Committee

As the Company is a Government Company in terms of Section 617 of the Companies Act, 1956, the remuneration of Directors is fixed by the Government of India. However, as stated earlier, Remuneration Committee of Board of Directors has been constituted by the Board, in terms of DPE guidelines, to finalise the Performance Related Pay for the Executives and 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. Further the results are also made available in the Company's web site www.nlcindia.com in addition to uploading the same in the Corporate Filing and Dissemination System of the Stock Exchanges for information of the shareholders/investors.

Audit Qualifications

It is always the Company's endeavour to present unqualified financial statements. Reply to the Statutory Auditors' observation on the accounts of the Company for the year ended 31st March, 2010 is furnished as an Annexure to Directors' Report.

Training of Board Members

The Executive Directors are the functional heads for their respective functional area and are aware of the business model of the Company as well as the risk profile of the Company's business. The Non-executive Directors are fully aware of the Company's business model. The risk profile of the Company's business has been well defined by the Board and the Board Members are apprised periodically on the same. During the year 2009-10 three Independent Directors attended a conference organised by Department of Public Enterprisess, Government of India.

Mechanism for evaluation of Non-executive Board Members

The Non-executive Directors (Part-time official 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 a Board Member through Ministry of Coal and Department of Public Enterprises. Generally, the appointment is made for a tenure of three years. The Administrative Ministry and the Department of Public Enterprises do the review before the appointment/ extension of tenure.

Whistle Blower Policy

Your Company has an independent Vigilance branch, headed by a Chief Vigilance Officer in the rank of Additional Director General of Police. The Vigilance branch, functioning under the overall guidance of the Central Vigilance Commission, mainly lays stress on preventive vigilance. 'Drop Boxes' have been kept at various places in the Company, wherein employees and others could report to the Vigilance branch, concerns about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by the Vigilance branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.

***

Annexure-4

GANESAN AND COMPANY,
Chartered Accountants,
New No.9, Old No. 36, South Beach Avenue,
MRC Nagar Main Road, R.A Puram,
Chennai – 600 028.

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

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, 2010 as stipulated in Clause-49 of the Listing Agreement of the said Company with the Stock Exchange(s).
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. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We draw attention to the following:

   Clause-49 of the listing agreement stipulates that not less than fifty percent of the Board of Directors shall be of independent directors when executive director is the chairman of the Board. Due to the relinquishment of office of one independent director on completion of tenure, independent directors constituted less than fifty percent of the Board of Directors from 31st October, 2009. The length of vacancy that existed as on 31st March, 2010 was within the stipulation of Clause-49.
4. 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 the Clause-49 of the above mentioned Listing Agreement.
5. 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 **GANESAN AND COMPANY,**
Chartered Accountants
Firm Regn. No. 000859S

N.Venkatramani
Partner
M.No. 215145

for **L.U.KRISHNAN & CO.,**
Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy
Partner
M.No. 007595

Place : Chennai
Date : 27.05.2010

Annexure-5

Reply to the Statutory Auditors' observation on the accounts for the year ended 31st March, 2010.

Sl. No.	Para No. of Report	Audit Observation	Company's Reply
1	(iv)	Accounting Standard AS-6, regarding Depreciation Accounting in respect of unamortised depreciable amount not charged over the revised remaining useful life in respect of Specialised Mining Equipment (SME) existing on 31.08.2007 (the date of the order of the Ministry of Company Affairs reducing the rate of depreciation for SME from 11.31% to 6.33%). Had this method of accounting been followed, the provision for depreciation for the period would have been lower by Rs. 44.77 crores. Accordingly profit for the year and fixed assets are understated to that extent.	In order to get the competitive tariff for the new power project, application was made before the Ministry of Company Affairs for the approval of reduction in rate of depreciation in respect of Specialised Mining Equipment (SME) assets to match with the life of the assets. The Ministry of Company Affairs has given its approval on 31.08.2007 for the reduction in the rate of depreciation under section 205 (2) (d) of the Companies Act. The Company has adopted depreciation rate of 11.31% for the existing assets and 6.33% on the assets commissioned on or after 31.08.2007. This treatment is supported by a circular issued by Department of Company Affairs during the year 1993, according to which, there exists an option for the Company to apply the old rates to the existing assets and revised rate for the assets commissioned on or after the date of approval. Hence the Company has adopted to apply the rate of 11.31% depreciation to the existing assets on the date of approval and the revised rate of 6.33% to the assets commissioned on or after the date of approval. Therefore, the accounting treatment followed by the Company is in order.
2	(vii)	Attention is invited to Note No. 18 of Schedule-22, Notes on Accounts regarding accounting of sale of power by adopting provisional tariff. Pending final order on power tariff by Central Electricity Regulatory Commission (CERC), consequent adjustments, that may arise in future, are not ascertainable at this stage.	Pending finalisation of tariff by Central Electricity Regulatory Commission (CERC), sale of power has been provisionally accounted based on the guidelines issued by Ministry of Coal on Lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges. On finalisation of tariff by CERC, impact, if any, not ascertainable at this stage, will be considered.

Annexure-6

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, 2010.

The preparation of financial statement of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2010 in accordance with the financial reporting frame work prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27th May, 2010.

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, 2010. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

K. SRINIVASAN

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

Place : Chennai
Date : 09.07.2010

GANESAN AND COMPANY,
Chartered Accountants,
New No.9, Old No. 36, South Beach Avenue,
MRC Nagar Main Road, R.A Puram,
Chennai – 600 028.

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

Auditors' Report to the Members of Neyveli Lignite Corporation Limited

We have audited the attached Balance Sheet of NEYVELI LIGNITE CORPORATION LIMITED, as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

(ii) In our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from examination of those books and proper returns adequate for the purposes of our audit have been received from Rajasthan branch not visited by us. The Branch Auditors' Report has been forwarded to us and has been appropriately dealt with.

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from Rajasthan branch.

(iv) **In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except:**

Accounting Standard AS-6, regarding Depreciation Accounting in respect of unamortised depreciable amount not charged over the revised remaining useful life in respect of Specialised Mining Equipment (SME) existing on 31.08.2007 [the date of the order of the Ministry of Company Affairs reducing the rate of depreciation for SME from 11.31% to 6.33%]. Had this method of accounting been

followed, the provision for depreciation for the period would have been lower by Rs.44.77 crores. Accordingly profit for the year and fixed assets are understated to that extent.

(v) As per the Notification No.G.S.R. (E) dated 21.10.2003, issued under section 620 (1) of the Companies Act 1956, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, is not applicable to Government Companies.

(vi) As the Central Government is yet to notify Cess payable under Section 441A, the reporting requirement under Section 227(3)(g) of the Companies Act, 1956 does not arise.

(vii) **Attention is invited to Note No.18 of Schedule - 22, Notes on Accounts regarding accounting of sale of power by adopting provisional tariff. Pending final order on power tariff by Central Electricity Regulatory Commission (CERC), consequent adjustments, that may arise in future, are not ascertainable at this stage.**

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

a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2010;

b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and

c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **GANESAN AND COMPANY,**
Chartered Accountants
Firm Regn. No. 000859S

N.Venkatramani
Partner
M.No.215145

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

R. Aghoramurthy
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date,

(i) (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, which is reasonable having regard to the size of the Company and nature of its assets. As explained to us, physical verification has not been carried out during the year. **Pending reconciliation of discrepancies observed on the physical verification done during the year 2006, a sum of Rs. 0.86 crore has been retained as provision towards possible losses.**

(c) During the year the Company had not disposed off substantial part of fixed assets.

(ii) (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) 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.

(iv) 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) 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 Rs.5,00,000 or more.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public 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.

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

(viii) 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 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 and the proforma specified therein for the year are under preparation. We have however not carried out a detailed verification of such records.

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

(b) Based on information and explanation given to us, no undisputed amounts payable in respect of Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) According to the information and explanation 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.

(x) 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.

(xi) 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.

(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the question of maintenance of documents and records does not arise.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions based on the records produced to us.

(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) 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.

(xviii) 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.

(xix) According to the information and explanations given to us and the records examined by us, securities have been created in respect of bonds issued.

(xx) The Company has not raised any money through public issue. Hence the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xxi) 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.

For **GANESAN AND COMPANY,**
Chartered Accountants
Firm Regn. No. 000859S

N.Venkatramani
Partner
M.No.215145

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

R. Aghoramurthy
Partner
M.No.007595

Place : Chennai
Date : 27.05.2010

Significant Accounting Policies

I. Fixed Assets

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

II. Depreciation

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

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

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

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

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

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

III. Intangible Assets

a) Computer software :

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

b) Research & Development (internally generated projects) :

   i. Expenditure incurred during the phase of research is charged to revenue.

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

IV. Inventory Valuation

At the lower of cost and net realisable value.

Description	Basis of Cost
Lignite	At absorption cost excluding share of common charges and social overhead.
Stores & Spares procured	At weighted average acquisition cost.
Fly ash bricks	At absorption cost.
Goods in transit including goods received but pending inspection/acceptance	At cost.

Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at Nil value.

V. Mine Closure Expenditure

Concurrent mine closure expenses are accounted as and when incurred. The cost of final mine closure is estimated and provided for on the basis of annual lignite production to the total estimated mineable reserve as on 1.4.2004. In respect of new mines, the estimated mineable reserve as on the date of commissioning will be reckoned. The estimates are reviewed periodically and accordingly the provision is also revised.

VI. Prepaid Expenses

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

VII. Long-term Investments

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

VIII. Preliminary Project Expenditure

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

IX. Accounting for Grants

i. Government and other grants received relating to depreciable fixed assets are taken to capital grants and treated as 'Deferred Income' and recognised in the Profit and Loss Account by allocating to income over the period in which the depreciation is charged.

ii. Grants relating to non-depreciable assets are credited to income over a period in which the cost of meeting the obligations attached to the grants is charged to income.

iii. Revenue grants to the extent utilised are accounted in Profit and Loss Account.

X. Reserves and Surplus

Interest Differential Reserve

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

XI. Employee Benefits

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

a. Short-term employee benefits such as wages, salaries, incentives, short-term EL and HPL are fully provided for.

b. Long-term employee benefits such as EL and HPL are provided for as per actuarial valuation.

c. Post-employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to LIC Group Gratuity Fund.

d. Post-Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.

e. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

XII. Allocation of common charges / social overhead expenses

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

XIII. Prior period and Extra-ordinary Items

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

XIV. Significant events occurring after the Balance Sheet date

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

XV. Revenue Recognition

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

b. Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and/or in the year of acceptance of claim/certainty of realisation as the case may be.

c. Cash discounts for prompt payments are accounted as and when the related dues are settled.

XVI. Foreign Exchange transactions

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

XVII. Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future, whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

XVIII. Borrowing Cost

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

XIX. Construction Projects

1. Capitalisation and Depreciation Provision

A. Specialised Mining Equipment

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

B. Power Generation Unit

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

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

***

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs.in crore)

	Schedule	As at 31st March 2010		As at 31st March 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		**1677.71**		1677.71
Reserves and Surplus	2		**8646.96**		7791.52
Loan Funds					
Secured Loans	3		**3237.50**		3100.00
Unsecured Loans	4		**839.86**		957.70
Deferred Tax Liability (Net)			**570.43**		671.44
TOTAL			**14972.46**		14198.37
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		**11932.44**		10893.37	
Less: Depreciation		**6693.64**		6390.41	
Net Block		**5238.80**		4502.96	
Capital Work-In-Progress		**3831.22**		3959.15	
Advance for Capital Items		**77.26**	**9147.28**	162.93	8625.04
Investments	6		**1044.94**		811.39
CURRENT ASSETS,LOANS AND ADVANCES					
Inventories	7	**502.96**		535.85	
Sundry Debtors	8	**1611.62**		781.44	
Cash and Bank Balances	9	**4823.63**		5452.20	
Other Current Assets	10	**164.56**		189.47	
Loans and Advances	11	**581.59**		598.11	
		7684.36		7557.07	
Less: Current Liabilities & Provisions	12				
A. Current Liabilities		**2389.91**		2058.90	
B. Provisions		**613.28**		792.66	
Net Current Assets			**4681.17**		4705.51
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	12A		**99.07**		56.43
TOTAL			**14972.46**		14198.37

The Schedules referred to above, notes on accounts (Schedule-22) and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K. SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : Chennai

Date : 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No. 0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	Schedule		**For the year ended 31st March 2010**		For the year ended 31st March 2009
INCOME					
Sales	13		**4121.03**		2825.11
Adjustment relating to previous year sales			**0.00**		529.80
			4121.03		3354.91
Other Income	14		**598.73**		664.98
Increase/Decrease(-)in Stocks	15		**-30.20**		55.81
TOTAL			**4689.56**		4075.70
EXPENSES					
Employees' Remuneration and Benefits	16		**1696.53**		1309.87
Interest	17		**33.58**		8.15
Depreciation	18		**253.89**		424.50
Other Expenses	19		**1172.30**		1313.72
			3156.30		3056.24
Less:Expenses Capitalised			**68.43**		34.26
TOTAL			**3087.87**		3021.98
Profit for the year before extra-ordinary items			**1601.69**		1053.72
Extra-ordinary items	20		**0.00**		0.00
Profit after extra-ordinary Items			**1601.69**		1053.72
Prior Period Adjustments(Net)	21		**3.17**		-7.71
Profit before tax			**1604.86**		1046.01
Income-tax					
For current year		**402.00**		231.00	
For previous year		**56.40**		-84.11	
Deferred tax		**-101.00**		65.55	
Fringe Benefit Tax		**0.00**	**357.40**	12.48	224.92
Profit after tax			**1247.46**		821.09
Surplus brought forward from previous year			**7071.35**		6748.07
Carried forward			**8318.81**		7569.16

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	Schedule	For the year ended 31st March 2010	For the year ended 31st March 2009
Brought forward		**8318.81**	7569.16
Exchange rate variation of previous year		**0.00**	0.45
Transfer to/from Interest Differential Fund Reserve		**12.50**	20.69
Transfer to/from Bond Redemption Reserve		**15.00**	15.00
Transfer to General Reserve		**100.00**	70.00
Interim Dividend		**167.77**	0.00
Tax on Interim Dividend		**28.51**	0.00
Proposed Final Dividend		**167.77**	335.54
Tax on proposed Final Dividend		**27.86**	57.03
Surplus carried to Balance Sheet		**7799.40**	7071.35
Earnings per Share - Basic and Diluted before and after extra-ordinary Items. (Face value Rs.10/-)		**7.44**	4.89

The Schedules referred to above, notes on accounts (Schedule - 22) and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K.SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : Chennai

Date : 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No. 0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

(Rs.in crore)

SHARE CAPITAL

SCHEDULE-1

	As at 31st March 2010	As at 31st March 2009
Authorised		
2,00,00,00,000 Equity Shares of Rs.10/- each	**2000.00**	2000.00
Issued, Subscribed and Paid Up		
1,61,31,86,300 Equity shares of Rs.10/- each fully paid	**1613.19**	1613.19
6,01,50,000 Equity Shares of Rs.10/- each issued by converting Government Loan into Equity	**60.15**	60.15
43,73,300 Equity Shares of Rs.10/- each issued as fully paid for consideration other than cash	**4.37**	4.37
	1677.71	1677.71

RESERVES AND SURPLUS

SCHEDULE-2

	As at 01.04.2009	Additions	Withdrawal	As at 31.03.2010
Capital Reserve vide Schedule 2A	2.48	0.00	0.11	**2.37**
Profit and Loss Account	7071.35	1270.54	542.49	**7799.40**
KfW Interest Differential Reserve:				
Sub Account No. I	106.35	35.58	17.40	**124.53**
Sub Account No. II	99.34	0.00	5.68	**93.66**
General Reserve	497.00	100.00	0.00	**597.00**
Bond Redemption Reserve	15.00	15.00	0.00	**30.00**
	7791.52	1421.12	565.68	**8646.96**

CAPITAL RESERVES

SCHEDULE-2A

	As at 01.04.2009	Additions	Withdrawal	As at 31.03.2010
CAPITAL GRANTS				
USTDA Grant	1.51	0.00	0.00	**1.51**
Fly Ash Housing Grant	0.02	0.00	0.00	**0.02**
Plant Renovation Grant	0.24	0.00	0.10	**0.14**
Safety Investigation System	0.71	0.00	0.01	**0.70**
	2.48	0.00	0.11	**2.37**

(Rs.in crore)

SECURED LOANS

SCHEDULE-3

	As at 31st March 2010	As at 31st March 2009
Loans and advances from Banks #	**2637.50**	2500.00
Neyveli Bonds - 2009 $	**600.00**	600.00
	3237.50	3100.00

The Rupee Term Loan of Rs.3750 crore is secured by paripassu charge on project fixed assets financed.

$ 6000, 8.83%10 Years, Secured Redeemable Taxable Non-convertible Bonds in the nature of Debentures of Rs.10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine-II Expansion Project, TS-II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23.01.2019.

UNSECURED LOANS

SCHEDULE-4

	As at 31st March 2010	As at 31st March 2009
Foreign Currency loan from KfW-Germany ##		
88.68 Million Euro (91.92 Million Euro)	**537.06**	620.30
Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore		
50 Million Euro (50 Million Euro)	**302.80**	337.40
	839.86	957.70
Repayable within one year	**19.62**	21.86

Guaranteed by the Government of India

(Rs.in crore)

FIXED ASSETS

SCHEDULE-5

Description	Gross Cost				Depreciation				Net Value	
	As at 31.03.2009	Additions Transfers	Disposals/ Trans./Adjt.	**As at 31.3.2010**	As at 31.03.2009	Withdrawals/ Trans./Adjt.	For the Year	**As at 31.3.2010**	**As at 31.3.2010**	As at 31.03.2009
Land	226.75	103.59	0.00	330.34	0.00	0.00	0.00	0.00	330.34	226.75
Roads	36.67	3.28	0.00	39.95	9.57	0.00	0.90	10.47	29.48	27.10
Buildings ++	246.29	10.01	0.00	256.30	103.16	0.00	5.65	108.81	147.49	143.12
Elec.Installations	289.34	6.32	0.10	295.56	105.73	0.02	10.31	116.02	179.54	183.62
Water Supply & Drainage	101.30	23.27	0.00	124.57	45.66	0.00	8.93	54.59	69.98	55.64
Plant & Machinery *	9002.87	609.86	21.40	9591.33	5790.60	20.02	264.46	6035.04	3556.29	3212.27
Furniture & Equipment	55.34	4.71	0.88	59.17	35.74	0.81	3.07	38.00	21.17	19.60
Vehicles	70.92	10.09	2.28	78.73	43.09	2.13	5.47	46.43	32.30	27.82
Assets costing Rs.5000 and below	5.15	0.30	0.00	5.44	5.15	0.00	0.30	5.44	0.00	0.00
Intangible assets software	5.76	0.21	0.00	5.97	2.60	0.00	1.16	3.77	2.20	3.15
	10040.38	771.63	24.66	**10787.36 #**	6141.31	22.99	300.24	**6418.56**	**4368.80**	3899.07
Mine Development										
Mine-I	464.33	0.00	0.00	464.33	160.71	0.00	18.63@	179.34	284.98	303.62
Mine-IA	121.71	0.00	0.00	121.71	18.60	0.00	2.71@	21.31	100.40	103.11
Mine-II	153.98	287.52	0.00	441.51	69.80	0.00	4.57@	74.37	367.14	84.19
Barsingsar Mine	112.97	4.57	0.00	117.54	0.00	0.00	0.05	0.05	117.49	112.97
Total	10893.37	1063.73	24.66	**11932.44**	6390.41	22.99	326.22	**6693.64**	**5238.80**	4502.96
Previous Year	9680.47	1228.37	15.47	**10893.37**	5936.80	12.01	465.61	**6390.41**	**4502.96**	

Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects.

++ Includes leasehold buildings of value Rs.2.10 crore for which lease agreement is yet to be signed. Normal depreciation rate adopted in view of lower amortisation rate.

* Includes Insurance Spares.

\# Includes Assets non-commissioned amounting to Rs. 96.01 crore (Previous year Rs.0.85 crore).

@ Represents provisions for amortisation.

(Rs.in crore)

INVESTMENTS

SCHEDULE-6

	As at 31st March 2010	As at 31st March 2009
Trade Investments at cost		
(Quoted)		
8.5% tax free SLR Power Bonds issued by State Governments (Market value not available)	**619.17**	722.37
(Un-quoted)		
In Equity Shares-unquoted, fully paid up 267000000 shares of Rs.10/- each of NLC Tamilnadu Power Ltd.,- Subsidiary Company	**267.00**	89.00
Pending allotment of 155000000 Equity shares of Rs.10/- each in NLC Tamilnadu Power Limited- Subsidiary Company	**155.00**	0.00
In Equity Shares-unquoted, fully paid up 3765000 shares of Rs.10/- each of MNH SHAKTI Ltd.,	**3.77**	0.02
	1044.94	811.39

INVENTORIES

SCHEDULE-7

	As at 31st March 2010		As at 31st March 2009	
(As certified by the Management)				
Raw Materials		**49.40**		87.73
Stores and Spares	**463.24**		454.19	
Less:Provision	**10.25**		6.55	
		452.99		447.64
Solid/Hollow/Fly Ash Bricks		**0.57**		0.48
		502.96		535.85

SUNDRY DEBTORS

SCHEDULE-8

	As at 31st March 2010	As at 31st March 2009
Unsecured		
Considered Good		
More than six months	**455.43**	514.53
Others	**1156.19**	266.91
Considered Doubtful	**2.85**	6.97
	1614.47	788.41
Less:Provision for Doubtful Debts	**2.85**	6.97
	1611.62	781.44

(Rs.in crore)

CASH AND BANK BALANCES

SCHEDULE-9

	As at 31st March 2010	As at 31st March 2009
Cash,Cheques and Demand Drafts on hand	**0.66**	0.48
With Scheduled Banks		
In Current Accounts	**58.12**	37.53
Unpaid Dividend Account	**1.28**	0.63
In Fixed Deposits		
Short-term Deposits	**4763.39**	5413.38
Staff Security Deposit	**0.01**	0.01
Endowment Fund in the name of		
Neyveli Lignite Corporation Schools	**0.17**	0.17
	4823.63	5452.20

OTHER CURRENT ASSETS

SCHEDULE-10

	As at 31st March 2010		As at 31st March 2009	
Interest accrued		**164.08**		188.98
Disposable/Dismantled assets,Spares	**2.43**		2.44	
Less: Provision for impairment of assets	**1.95**	**0.48**	1.95	0.49
		164.56		189.47

LOANS AND ADVANCES

SCHEDULE-11

	As at 31st March 2010		As at 31st March 2009	
Advances recoverable in cash or in kind or for value to be received				
Secured		**85.44**		77.96
Unsecured				
Considered good		**91.95**		93.89
Considered doubtful		**3.36**		3.56
		180.75		175.41
Less:Provision for doubtful advances		**3.36**		3.56
		177.39		171.85
Prepaid Expenses		**5.01**		0.00
Advance Income tax	**1727.89**		1305.83	
Less : Provision for taxation	**1328.96**	**398.93**	879.83	426.00
Deposit with Central Excise, Port Trust and Customs authorities		**0.26**		0.26
		581.59		598.11
1. a. Due by Officers		**-**		-
b. Maximum amount due at any time during the year		**-**		-
2. a. Due by Directors		**-**		-
b. Maximum amount due at any time during the year				
3. a. Due from Subsidiary Company		**0.58**		0.89
b. Maximum amount due at any time during the year		**2.16**		48.42

(Rs.in crore)

CURRENT LIABILITIES & PROVISIONS

SCHEDULE-12

	As at 31st March 2010	As at 31st March 2009
A. Current Liabilities		
Sundry creditors and accrued expenses	**1175.70**	734.16
Mine Closure	**491.40**	399.20
Capital works and purchases	**426.60**	471.41
Other liabilities	**276.87**	431.34
Unutilised revenue grant	**6.21**	8.35
Unclaimed dividend	**1.28**	0.63
Staff security deposit	**0.01**	0.01
Interest accrued but not due		
- Neyveli Bonds	**9.87**	9.87
- Credit Agricole Corporate & Investment Bank	**0.96**	2.77
- KfW	**1.01**	1.16
	2389.91	2058.90
B. Provision		
Provision for accrued earned leave	**143.41**	96.06
Provision for half pay leave	**70.33**	49.18
Provision for short-term benefit of earned leave	**3.43**	3.46
Provision for short-term benefit of half pay leave	**1.95**	1.48
Provision for Gratuity	**141.37**	203.77
Provision for contingencies	**44.82**	35.13
Provision for post retirement medical benefit	**11.48**	10.15
Provision for loss on assets	**0.86**	0.86
Provision for proposed final dividend	**167.77**	335.54
Provision for proposed final dividend tax	**27.86**	57.03
	613.28	792.66

MISCELLANEOUS EXPENDITURE

SCHEDULE-12A

	As at 31st March 2010	As at 31st March 2009
(To the extent not written off or adjusted)		
Preliminary project expenditure	**48.01**	42.03
Advance Overburden removal expenditure	**55.27**	18.26
Total	**103.28**	60.29
Less: Provision	**4.21**	3.86
	99.07	56.43

SALES

SCHEDULE-13

Products	Unit	For the year ended 31st March 2010 Quantity	For the year ended 31st March 2010 Value (Rs.in crore)	For the year ended 31st March 2009 Quantity	For the year ended 31st March 2009 Value (Rs.in crore)
Power	MU	**14828**	**3813.81**	13204	2578.22
Lignite	LT	**22**	**316.35**	21	251.72
Miscellaneous			**0.51**		0.27
			4130.67		2830.21
Less : Transfer to Capital Expenditure Accounts			**9.64**		5.10
			4121.03		2825.11

MU-Million Units, LT-Lakh Tonnes

OTHER INCOME

(Rs.in crore)

SCHEDULE-14

	For the year ended 31st March 2010	For the year ended 31st March 2009
Interest		
Bank [Includes TDS Rs.55.75 crore (Rs.111.21 crore)]	**434.57**	496.64
Employees	**6.51**	5.66
Long term investments	**59.21**	67.98
Others	**14.62**	27.06
Recoveries		
Rent	**7.91**	7.42
Others	**0.48**	0.41
Packing & freight, handling charges recovered	**5.88**	3.89
Profit on sale of assets	**3.49**	1.97
Provision written back	**5.15**	7.77
Miscellaneous	**65.43**	52.42
	603.25	671.22
Less: Transfer to Capital Expenditure Accounts	**4.52**	6.24
	598.73	664.98

INCREASE / DECREASE (-) IN STOCK

SCHEDULE-15

Products	Unit	For the year ended 31st March 2010 Quantity	For the year ended 31st March 2010 Value (Rs.in crore)	For the year ended 31st March 2009 Quantity	For the year ended 31st March 2009 Value (Rs.in crore)
A. OPENING STOCK					
Raw Material					
Lignite*	LT	**9**	**87.73**	3	22.36
Less: Transfer to capital account			**9.62**		0.06
			78.11		22.30
B.CLOSING STOCK					
Raw Material					
Lignite*	LT	**5**	**49.40**	9	87.73
Less : Transfer to capital account			**1.49**		9.62
			47.91		78.11
Opening Stock			**78.11**		22.30
Less:Closing Stock			**47.91**		78.11
Increase/Decrease (-) in Stock			**-30.20**		55.81

LT-Lakh Tonnes * Does not include Bed-stock Quantity of 14891.74 Tonnes (P.Y. 14630.45 Tonnes)

(Rs.in crore)

EMPLOYEES' REMUNERATION AND BENEFITS

SCHEDULE-16

	For the year ended 31st March 2010	For the year ended 31st March 2009
Salaries,Wages and Incentives	**1483.84**	943.44
Contribution to Provident and other funds	**83.48**	55.67
Gratuity	**65.65**	219.46
Welfare expenses	**111.56**	116.89
	1744.53	1335.46
Less :Transfer to Capital Expenditure Accounts	**48.00**	25.59
	1696.53	1309.87

INTEREST

SCHEDULE-17

	For the year ended 31st March 2010	For the year ended 31st March 2009
Fixed loans		
Unsecured loans - KfW -foreign currency loan	**4.45**	4.85
Unsecured loans - Credit Agricole Corporate & Investment Bank foreign currency loan	**8.66**	20.56
Secured loans-NLC Bonds	**52.98**	11.19
Loan from Banks	**217.72**	195.02
Others	**4.25**	0.17
	288.06	231.79
Less:Transfer to Capital Expenditure Accounts	**254.48**	223.64
	33.58	8.15

(Rs.in crore)

DEPRECIATION

SCHEDULE-18

	For the year ended 31st March 2010	For the year ended 31st March 2009
Fixed Assets	**298.35**	437.45
Mine Development and other amortisations	**25.97**	29.16
	324.32	466.61
Less : Transfer to Capital Expenditure Accounts	**70.35**	42.10
Transfer from Capital Grants	**0.08**	0.01
	253.89	424.50

OTHER EXPENSES

SCHEDULE-19

	For the year ended 31st March 2010	For the year ended 31st March 2009
Consumption of stores and spares	465.50	375.94
Fuel	51.66	75.26
Mine closure	92.19	399.20
Advance OB removal charge off	6.91	0.00
Excise duty	0.01	0.01
Rent	0.31	0.13
Rates and taxes		
Electricity tax	1.23	1.02
Others	5.99	4.26
Wealth tax	0.17	0.14
Repairs and Maintenance		
Plant and Machinery	79.61	51.18
Buildings	13.88	8.18
Others	118.93	104.51
Outsourcing of Overburden Removal	50.18	55.81
Insurance	**0.75**	4.61
Payments to auditors		
Audit fees	**0.11**	0.10
Tax Audit fees	**0.06**	0.06
Other certification fees	**0.05**	0.03
Reimbursement of expenses	**0.03**	0.04
Travelling expenses	**8.97**	8.85
Training expenses	**2.63**	1.57
Family welfare expenses	**1.61**	1.90
Guarantee fees KfW loan	**7.44**	7.20
Selling expenses		
Discounts	**52.63**	43.86
Afforestation expenses	**5.95**	3.74
Loss on disposal of assets	**0.19**	0.04
Fixed assets written off	**0.05**	-0.03
Provision for contingencies	**10.00**	0.00
Provision for stores & materials	**4.40**	0.82
Provision for doubtful debts/advances	**0.05**	0.62
Carried Forward	**981.49**	1149.05
Brought Forward	**981.49**	1149.05

(Rs.in crore)

OTHER EXPENSES CONTD., SCHEDULE-19

	For the year ended 31st March 2010	For the year ended 31st March 2009
Bad debts written off	**0.00**	0.02
Provision for preliminary expenses	**0.36**	3.32
Royalty	**157.26**	137.48
Central Industrial Security Force expenses	**46.56**	56.55
Miscellaneous expenses	**50.99**	55.25
	1236.66	1401.67
Less: Transfer to Capital Expenditure Accounts	**62.77**	86.88
Transfer from Grant	**1.59**	1.07
	1172.30	1313.72

OTHER EXPENSES TRANSFERRED TO CAPITAL ACCOUNTS SCHEDULE-19A

	For the year ended 31st March 2010	For the year ended 31st March 2009
Consumption of stores and spares	**6.19**	2.73
Fuel	**9.49**	0.00
Other Taxes	**0.84**	0.59
Repairs and Maintenance		
Plant and Machinery	**22.29**	7.99
Buildings	**1.10**	1.37
Others	**8.02**	5.97
OB Removal Outsourcing	**0.00**	39.70
Insurance	**0.02**	0.17
Payments to auditors		
Audit fees	**0.02**	0.00
Tax Audit fees	**0.00**	0.00
Reimbursement of expenses	**0.01**	0.00
Travelling expenses	**1.72**	3.77
Training expenses	**0.12**	0.07
Family welfare expenses	**0.01**	0.00
Other expenses	**0.00**	-0.12
Afforestation expenses	**0.31**	0.42
Royalty	**0.46**	0.26
Miscellaneous expenses	**12.17**	23.96
	62.77	86.88

EXTRA-ORDINARY ITEMS SCHEDULE-20

	For the year ended 31st March 2010	For the year ended 31st March 2009
	0.00	0.00

(Rs.in crore)

PRIOR PERIOD ADJUSTMENTS

SCHEDULE-21

	For the year ended 31st March 2010	For the year ended 31st March 2009
Depreciation	**-1.89**	1.00
Consumption of stores and spares	**2.30**	-5.08
Other Income	**2.76**	-3.63
Prior period adjustment (Net)	**3.17**	-7.71

Note:(-) indicates debit

NOTES ON ACCOUNTS

SCHEDULE-22

Sl. No.	Subject in brief	For the year ended 31st March 2010	For the year ended 31st March 2009
1.	i. Contingent liability exists in respect of :		
	a. Guarantees issued by the Company	**0.01**	0.01
	b. Additional customs duty, on final assessment of goods released on bond	**N.Q**	N.Q
	c. Labour Court cases	**N.Q**	N.Q
	ii. Claims against the Corporation not acknowledged as debts:		
	a. From employees/others	**7.23**	6.43
	b. From suppliers/contractors	**1317.59**	1207.87
	c. From statutory authorities	**16.03**	16.03
	d. Disputed amount of Income tax	**0.90**	16.30
2.	a. Estimated value of contracts remaining to be executed on capital accounts not provided for	**596.52**	872.27
	b. Commitment for the acquisition of lands	**85.71**	91.02
3.	Value of Securities other than cash not considered in accounts	**1.37**	1.52
4.	a. Capital Work in progress includes Capital Goods in stock and in Transit amounting to	**111.56**	305.51
	b. Stores & Spares include Goods-in-Transit amounting to	**44.95**	24.51
5.	Pending High Court decision, the additional land compensation deposited with Court has not been capitalised	**0.26**	0.42
6.	The effect of foreign exchange fluctuation during the year is as under:		
	i. The amount of exchange rate difference debited/ (credited) to the Profit & Loss Account is	**(1.48)**	1.65
	ii. The amount of exchange rate difference adjusted by way of debiting / (crediting) to the carrying amount of fixed assets & WIP	**(83.61)**	25.71
	iii. Capitalisation of Exchange rate difference due to exercise of option in terms of para 46 of AS 11 of Companies (Accounting Standards) Rules, 2006	**0.00**	0.45
7.	Expenditure incurred on Research & Development:		
	a. Capital Expenditure	**0.14**	0.63
	b. Revenue Expenditure	**8.52**	5.53
8.	Deferred tax liability comprises the following:		
	a. Deferred tax liability: Related to Depreciation	**679.95**	730.20
	b. Deferred tax Assets: Provisions, etc.	**109.52**	58.76
	c. Net Deferred tax liability (a-b)	**570.43**	671.44
9.	Borrowing cost capitalised during the year		
	a. Interest and commitment charges	**254.48**	223.64
	b. Exchange rate difference arising from foreign currency loan	**(12.38)**	4.74

NOTES ON ACCOUNTS CONTD.,

(Rs.in crore)
SCHEDULE-22

Sl. No.	Subject in brief	For the year ended 31st March 2010	For the year ended 31st March 2009
10.	Disclosure under Accounting Standard 15 on Employee Benefits :		
	1. Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	i. The actuarial gain or losses will be recognised in the year of occurrence.		
	ii. The LIC Group Gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year-end.		
	iii. The amounts recognised in the balance sheet are as follows:		
	Present Value of funded obligations	**412.87**	270.65
	Fair value of plan assets	**414.20**	272.09
	Unrecognised past service cost	**0.00**	0.00
	Net liability in the Balance Sheet	**0.00**	0.00
	(Does not include Rs.141.37 crore (Rs. 203.77 crore) representing increase on account of pay revision, which has been fully provided for).		
	iv. The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	**3.17**	18.66
	Interest on obligation	**20.95**	19.24
	Expected return on plan assets	**26.11**	(20.57)
	Net actuarial losses (gains) recognised in the year	**130.24**	(2.57)
	Past service cost	**0.00**	0.00
	Losses (gains) on curtailments and settlements	**0.00**	0.00
	Total included in employee benefit expense	**128.24**	14.76
	(Included in the year 2008-09)		
	Actual return on plan assets	**31.55**	18.26
	v. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:		
	Opening defined benefit obligation	**270.65**	240.54
	Prior period adjustment	**0.00**	0.00
	Service cost	**3.17**	18.66
	Interest cost	**19.65**	19.24
	Actuarial losses (gains)	**136.97**	0.00
	Benefits paid	**-17.58**	-7.79
	Closing defined benefit obligation	**412.87**	270.65
	vi. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
	Opening fair value of plan assets	**270.14**	242.31
	Expected return	**26.02**	22.10
	Actuarial gains and (losses)	**5.53**	-2.57
	Contributions by employer	**130.09**	14.76
	Assets acquired in an amalgamation in the nature of purchase	**0.00**	0.00
	Others	**0.00**	3.28
	Benefits paid	**17.58**	7.79
	Closing fair value of plan assets	**414.20**	272.09

(Rs.in crore)

NOTES ON ACCOUNTS CONTD.,

SCHEDULE-22

Sl. No.	Subject in brief	For the year ended 31st March 2010	For the year ended 31st March 2009
	vii. Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discount rate per annum	**7.5**	8
	Expected return per annum on plan assets	**8**	9.15
	Salary Escalation per annum	9	9
	Retirement Age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	Nil
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:		
	i. Amount recognised in the profit and loss account as premium paid to the Insurance Company	**7.79**	18.61
	ii. Liability Provided for the fixed Medical Assistance	**6.01**	3.36

11. Details of contingency provisions:

Description	Opening	Addn.	Withdrawal	Closing
Interest on disputed tax deducted at source	16.89	-	0.31	16.58
Provision for Barsingsar Mine Development Expenditure incurred in earlier year	18.24	-	-	18.24
Provision for arbitration	-	10.00	-	10.00

12. As per the accounting policy of the Corporation, surcharge recoverable from Electricity Boards on the belated settlement of the power bill amounting to Rs.116.83 crore has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.

13. The rate of depreciation has been modified to match with main equipment of Thermal Power Station - I on account of revised planned shut down of the unit.

14. Details relating to consumption of raw materials stores and spares licensed and installed capacities, production etc., are furnished in the Annexure to Schedule-22.

15. There is no impact in profit due to change in accounting policy of providing depreciation by way of fixing ceiling limit of Rs.1 crore for prior period transaction. However depreciation to the extent of Rs.0.75 crore (debit) has been included in the current year on account of this change.

16. i. Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 3.04 crore.
    ii. Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act Rs. 0.03 crore.

17. Pending finalisation of pay revision to non-executives from 01.01.2007, provisional liability is being provided in the accounts towards arrears of pay revision. The liability as on 31.3.2010 is Rs. 564.24 crore.

18. As per the accounting policy, pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges. On account of this an amount of Rs 805.34 crore has been reckoned as sale of power and Rs. 52.20 crore has been reckoned as sale of lignite for which the bill will be raised on receipt of CERC order.

19. Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.

20. Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of sundry debtors, advances and amounts due to creditors are subject to confirmation.

21. Profit after tax - Rs.1247.46 crore. Numbers of shares - 167,77,09,600. Face value of share - Rs.10/-.

22. There is no impairment loss identified other than disposable/dismantled assets for which provision of Rs.1.95 crore has been created as per Accounting Standard-28.

23. Figures of the previous year have been re-grouped wherever necessary.

NQ – NOT QUANTIFIABLE / NOT QUANTIFIED

Annexure referred to in Schedule-22 Contd.,

I. Consumption of Raw Materials and Spare Parts

A. Raw Materials (fully indigenous)

(Rs. in crore)

Product	Unit	For the year ended 31st March 2010		For the year ended 31st March 2009	
		Quantity	**Value**	Quantity	Value
Lignite (at transfer price)	LT	**205.67**	**2751.32**	184.58	2458.00

B. Value of Indigenous and Imported Spares consumed

	INDIGENOUS		IMPORTED	
	For the year ended 31st March 2010	For the year ended 31st March 2009	**For the year ended 31st March 2010**	**For the year ended 31st March 2009**
Spare parts	**277.64**	232.58	**56.51**	11.34
Percentage	**83.09**	95.35	**16.91**	4.65

II A. Remuneration to Directors

	For the year ended 31st March 2010	For the year ended 31st March 2009
Salaries	**1.09**	0.39
Contribution to Provident and other funds	**0.13**	0.05
Cost of Benefits	**0.88**	0.26

II B. C.I.F. Value of Imports

	For the year ended 31st March 2010	For the year ended 31st March 2009
Capital Goods	**55.92**	10.05
Components and spares	**83.99**	26.51

III. Expenditure in Foreign Currency

	For the year ended 31st March 2010	For the year ended 31st March 2009
Travelling Expenses	**3.48**	0.04
Professional and Consultancy	**11.41**	16.19
Interest Charges	**12.69**	25.41

Annexure referred to in Schedule-22 Contd.,

IV. Capacities and Production

Sl. No.	Product	Unit	Licensed Capacity	Installed capacity (for 3 shifts) as certified by the Management	Production For the year ended 31.03.2010	Production For the year ended 31.03.2009
1.	**LIGNITE**					
	Mine-I	Tonnes	Not applicable(*)	10.5 Million	**91,59,230**	90,40,156
	Mine-II	Tonnes	Not applicable(*)	15 Million (a)	**1,04,43,270**	91,09,257
	Mine-IA	Tonnes	Not applicable(*)	3.0 Million	**27,11,422**	30,56,400
	Barsingsar Mines	Tonnes	Not applicable(*)	2.1 Million	**24,541**	-
2.	**POWER**					
	Thermal-I	Kwhr.	Not Applicable	600 MW		
	Gross				**4,114,441,588**	3,577,492,663
	Net				**3,630,134,982**	3,141,030,310
	Thermal-I Expansion	Kwhr.	Not Applicable	420 MW		
	Gross				**2,979,434,000**	3,126,053,000
	Net				**2,720,121,694**	2,858,420,504
	Thermal – II	Kwhr.	Not Applicable	1470 MW		
	Gross				**10,559,690,190**	9,064,438,695
	Net				**9,549,986,250**	8,172,141,704
	Barsingsar Thermal (b)	Kwhr.	Not Applicable	250 MW		
	Gross				**2,475,040**	-
	Net				**2,475,040**	-

(*) Licencing requirement for mining has been dispensed with vide Government of India Communication dated 19.06.90.

(a) Mine-II capacity has been increased from 10.5 MT per annum to 15 MT per annum from 12.03.2010.

(b) Barsingsar Thermal first unit is under test and trial.

V. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties : a. Key Management Personnel:

Chairman-cum-Managing Director	Directors	
Shri A.R. Ansari	Shri. Alok Perti	Shri P. Babu Rao
	Dr. Rajiv Sharma	Shri J.N. Prasanna kumar
	Shri. Rajeev Ranjan	Shri B. Surender Mohan
	Shri. M.F. Farooqui	Shri. R. Kandasamy
	Shri.V. Sethuraman	Shri. K. Sekar

(ii) Transactions during the year with related parties :

1. Remuneration to Directors listed in (a) above :Rs. 2.10 crore

Annexure referred to in Schedule-22 Contd.,

VI. As per Accounting Standard 27, issued by the Institute of Chartered Accountants of India, the disclosure in respect of the interests in Joint Venture is furnished as under:

a. Company Name : M/s. MNH Shakti Limited,

b. Registered Office : Anand Vihar ,
PO Jagruti Vihar,
Sambalpur District,
Orissa.

c. Joint Venture / Interest :

1. M/s. Mahanadi Coal fields Limited - 70%
2. M/s. Neyveli Lignite Corporation Limited - 15%
3. M/s. Hindalco Industries Limited - 15%

d. As per the audited accounts for the period from 01.04.2009 to 31.03.2010 the following are the share of interest in the Joint Venture.

i. Fixed assets	-	Rs. 0.02 crore
ii. Capital work in progress	-	Rs. 2.56 crore
iii. Current assets	-	Rs. 1.11 crore
iv. Miscellaneous expenditure not written off	-	Rs. 0.08 crore
v. Income	-	-Nil-
vi. Expenditure	-	-Nil-

***

SEGMENTWISE RESULTS FOR THE YEAR 2009-10

Annexure-VII **(Rs.in crore)**

	Lignite Mining		Power Generation		Inter-segment adjustment		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE								
External sales	307.89	246.89	3813.14	2578.22			4121.03	2825.11
Adj. for earlier year sales	0.00	0.00	0.00	529.80			0.00	529.80
Inter-segment sales	2757.42	2462.03	190.36	166.62	2947.78	2628.65		
Total revenue	3065.31	2708.92	4003.50	3274.64	2947.78	2628.65	4121.03	3354.91
RESULT								
Segment result	891.94	493.67	388.65	59.97			1280.59	553.64
Other income							78.67	67.45
Un-allocated corporate expenses							238.90	154.56
Operating profit							1120.36	466.53
Interest expense							33.58	8.15
Interest income							514.91	595.34
Income taxes							357.40	224.92
Profit from ordinary activities							1244.29	828.80
Prior-period/Income/ Expenditure (Net)							3.17	-7.71
Net profit							1247.46	821.09
OTHER INFORMATION								
Segment assets	2821.58	2432.31	3320.03	2551.16			6141.61	4983.47
Un-allocated corporate assets (Including Capital Work-in Progress)							11834.04	12066.46
Total assets							17975.65	17049.93
Segment liabilities	1306.74	922.16	485.16	386.66			1791.90	1308.82
Un-allocated corporate liabilities							5859.08	6271.88
Total liabilities							7650.98	7580.70
Capital expenditure	336.16	219.88	-19.91	63.56			316.25	283.44
Depreciation	184.07	322.15	57.55	92.48			241.62	414.63
Non-cash expenses other than depreciation	3.85	0.45	4.93	0.25			8.78	0.70

Note:- 1. Since the business operation is within India the secondary disclosure does not arise.

2. The inter-segment transfers are priced on cost plus profit basis.

3. Allocation of
   - i. storage charges on the basis of material drawal.
   - ii. common charges and social overhead on the basis of salaries & wages,
   - iii. sales organisation expenses on the basis of actual sales and
   - iv. service centres assets & liabilities are apportioned among the segments on the basis of the service rendered.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	For the year ended 31st March 2010		For the year ended 31st March 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax, Extra-ordinary Items & Prior Period Transaction (PPT)		1601.69		1053.72
Adjustments for :				
Less : Profit on disposal of asset	3.49		1.97	
Interest Income	514.91		597.34	
	518.40		599.31	
Add : Depreciation	253.89		424.50	
Advance OB removal charge off	6.91		0.00	
Other non-cash charges	17.53		232.55	
Interest charged to P&L A/c	33.58		8.15	
	311.91	-206.49	665.20	65.89
Operating profit before working capital changes		1395.20		1119.61
Adjustments for trade and other receivables :				
Sundry Debtors		-826.06		-562.40
Loans & Advances		-10.35		-31.71
Inventories & other current assets		29.19		-88.39
Trade payables		379.27		597.58
Cash flow generated from operations		967.25		1034.69
Direct taxes paid		-431.33		-418.68
Cash flow before Extra-ordinary items & PPT		535.92		616.01
Extra-ordinary items		0.00		0.00
Prior period transactions		5.06		-8.71
Capital grants received		0.00		2.72
Capital grants utilised		-2.17		-1.07
Net Cash from operating activities		538.81		608.95
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets/preliminary expenses		-620.01		-1342.02
Sale of fixed assets/projects from continuing operations		4.93		5.52
Sale/Purchase of Investments		-233.55		14.85
Interest received		539.81		567.45
Net Cash used in investing activities		-308.82		-754.20
C. CASH FLOW FROM FINANCING ACTIVITIES				
Long term borrowings (Net)		19.66		1291.87
Interest paid		-290.02		-222.86
Dividend (including dividend tax)		-588.20		-196.27
Net cash used/received in financing activities		-858.56		872.74
Net increase/decrease (-) cash and cash equivalents		-628.57		727.49
Cash and cash equivalents as at the beginning of the year		5452.20		4724.71
Cash and cash equivalents as at the end of the year		4823.63		5452.20

NOTE : (-) INDICATES CASH OUTFLOW.

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K. SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : Chennai
Date : 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No. 0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai
Date : 27.05.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No. - - - - 3 5 0 7 State Code - 1 8

Balance Sheet Date 3 1 0 3 2 0 1 0 (Date Month Year)

II. Capital raised during the year (Amount Rs. in thousands):

Public Issue: - - - - - - - -	Rights Issue: - - - - - - - -
Bonus Issue: - - - - - - - -	Private Placement: - - - - - - - -

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands):

Total Liabilities 1 7 9 7 5 6 5 0 0 Total Assets 1 7 9 7 5 6 5 0 0

Source of Funds :

Paid-up Capital	1 6 7 7 7 0 9 6
Reserves and Surplus	8 6 4 6 9 6 0 0
Secured Loans	3 2 3 7 5 0 0 0
Unsecured Loans	8 3 9 8 6 0 0
Deferred tax liability	5 7 0 4 3 0 0

Application of Funds:

Net Fixed Assets	9 1 4 7 2 8 0 0
Investments	1 0 4 4 9 4 0 0
Net Current Assets	4 6 8 1 1 7 0 0
Misc. Expenditure	9 9 0 7 0 0
Accumulated Losses	Nil

IV. Performance of Company (Amount Rs. in thousands):

Turnover *	4 7 1 9 7 6 0 0
Total Expenditure	3 1 1 4 9 0 0 0
(+)Profit/(-)Loss Before Tax	(+) 1 6 0 4 8 6 0 0
(+)Profit/(-)Loss After Tax	(+) 1 2 4 7 4 6 0 0
Earning per share in Rs.	7 . 4 4
Dividend @ %	2 0 . 0 0

V. Generic Names of three principal products/services of Company: (as per monetary terms):

Item Code No. (ITC Code)	:	- - - - - - - - -
Product Description	:	- - - - P O W E R
Item Code No. (ITC Code)	:	- - - - 2 7 . 0 2
Product Description	:	- - L I G N I T E

* Including other income

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial year ending of the subsidiary	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/(losses) 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/(losses) so far it concerns the members of the holding Company and dealt with in the books of account of the holding Company.	Profit/(losses) 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/(losses) 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) Rs. in lakh	(6) Rs. in lakh	(7) Rs. in lakh	(8) Rs. in lakh
NLC Tamilnadu Power Limited	31.03.2010	267000000	89%	Nil	Nil	Nil	Nil

***

DIRECTORS' REPORT FOR THE YEAR 2009-10

To

The Members,

NLC Tamilnadu Power Limited

Your Directors have great pleasure in presenting the fourth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

Project

The Ministry of Coal vide letter No.4301/154/2006/CPAM dated 12.05.2008 has conveyed the sanction for implementation of coal based 2x500 MW power project at Tuticorin at a GOI sanctioned cost of Rs.4909.54 crore. Land admeasuring 133 hectares have been allocated for this project by Tuticorin Port Trust (TPT). Coal linkage for this project has been established with Mahanadi Coalfields Limited (MCL), the Subsidiary of Coal India Limited. As per the sanction of Government, Unit-I is to be implemented within 46 months from the date of sanction and Unit-II within 51 months from the date of sanction.

Status of Project Implementation

In respect of Main Plant package of Steam Generator, Turbo Generator and Electrostatic Precipitator, the contract has been awarded to M/s. BHEL during the month of January 2009. M/s. BHEL has since commenced civil works for Boiler and ESP foundations and the supplies are also in progress. Other major contracts for this project viz., Coal Handling package, Circulating Water System package, Bi-flue Chimney package, Transformer package and Natural Draft Cooling Towers package have been awarded. Piling work for on shore and off shore conveyors in respect of Coal Handling package is under progress. In respect of other packages, award of work is under finalisation.

The Project Consultancy contract has been awarded to M/s. MECON Ltd. As regards coal handling for the project it is proposed to have a dedicated coal berth for which the work has been entrusted to Tuticorin Port Trust and the work is under progress.

Project Funding

As per the prevalent norms, the project is to be funded in the ratio of 30:70 of equity and debt. The equity portion is being subscribed by the Promoters viz., NLC and TNEB in the ratio of 89% and 11% respectively. With regard to debt requirements for the project, your Company had entered into a rupee term loan agreement with M/s. Rural Electrification Corporation Limited (REC) for Rs.3437 crore and the borrowing as on 31.03.2010 was Rs 271.92 crore.

With a view to reduce the cost of debt, your Company has proposed to replace the REC loan partially with a Term Loan of Rs.2500 crore from Bank of Baroda and Bank of India consortium. The above consortium has offered to fund at a lower interest rate as compared to REC loan and because of this there would be a substantial savings on interest outgo which ultimately would result in reduced power tariff for end consumers. The balance debt requirement has been proposed to be partially tied up through External Commercial Borrowings and through other forms of borrowing viz., issue of bonds etc.

Power Allocation & Evacuation

Central Electricity Authority has tentatively allocated the power from the Project to the Southern States and Power Purchase Agreement (PPA) has been signed with Tamil Nadu Electricity Board, ESCOMs of Karnataka State, Puducherry Electricity Department and Kerala State Electricity Board, being the beneficiaries of the Project.

Power Grid Corporation of India Limited (PGCIL) is implementing 400 KV power evacuation systems for this project.

Financial Statement

During the year 2009-10, NLC and TNEB the Promoter Companies have been allotted further equity shares for an aggregate value of Rs.200 crore. Further a sum of Rs.155 crore has been received from NLC as on 31st March, 2010 towards share application money for allotment of further equity shares.

The key financial details as on 31.03.2010 are as under:

		(Rs.in lakh)
Share capital		30000.00
Share application money pending allotment		15500.00
Secured loan		27192.07
Current liabilities		16696.32
Total		**89388.39**
Fixed Assets		44.99
Capital work in progress		54334.83
Advances		30131.27
Current Assets:		
Cash & Bank Balances	184.77	
Other Current Assets	4690.06	4874.83
Preliminary Expenses		2.47
Total		**89388.39**

Energy Conservation and Research & Development

Not applicable as the project is under implementation.

Audit Committee

The Audit Committee of the Company has been reconstituted and presently Shri. K.Sekar, Director, is the Chairman of the Committee and Shri K. Balasubramanian and Shri R. Kandasamy, Directors are its members

Statutory Audit

M/s. Ramachandran & Murali, Chartered Accountants, Chennai has been appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG), for the financial year 2009-10, under Section 619 (2) of the Companies Act, 1956. The Board of Directors of the Company have fixed Rs.40,000/- as the Statutory Audit Fees for the year 2009-10 in addition to reimbursement of out of pocket expenses at actual.

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 have 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 construction expenditure incurred 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 this 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

Sarvashri.J.N.Prasannakumar and V.Sethuraman relinquished the office of Directorship held by them on 30.09.2009 and 31.03.2010 respectively on superannuating from NLC. Shri S. Rammohan, Director nominated by NLC had relinquished from the Board of the Company with effect from 01.06.2010 on relinquishment from the Board of NLC on completion of three year tenure as per the terms of appointment issued by GOI. The Board places on record its appreciation for the valuable guidance provided by Sarvashri J.N.Prasannakumar, V.Sethuraman and S. Rammohan during their tenure as Directors of the Company. Shri R.Kandasamy, Director (P&P) of NLC and Shri K. Sekar, Director (Finance) of NLC were inducted into the Board as Additional Directors w.e.f. 24.09.2009 and 01.10.2009 respectively. Shri.K.Balasubramanian, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

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.

Acknowledgement

The Board of Directors of your Company places on record their sincere appreciation for the continued support and guidance extended by the Neyveli Lignite Corporation Limited, Tamil Nadu Electricity Board, Tuticorin Port Trust, Ministry of Coal, Ministry of Power, Ministry of Environment & Forest, Central Electricity Authority, Ministry of Industry, Ministry of Labour and Planning Commission.

The Board of Directors of your Company are also pleased to acknowledge with gratitude the co-operation and continued support extended by the Government of Tamil Nadu. The co-operation and support by the Comptroller and Auditor General of India, the Statutory Auditors and Central and State Pollution Control Boards need special mention and the Directors acknowledge the same.

for and on behalf of the Board of Directors

Place : Chennai **A.R.ANSARI**

Date : 06.07.2010 **CHAIRMAN**

Annexure

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of NLC Tamilnadu Power Limited, Chennai for the year ended 31st March, 2010.

The preparation of financial statements of NLC Tamilnadu Power Limited, Chennai for the year ended 31st March, 2010 in accordance with the financial reporting framework prescribed under the Companies Act,1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act,1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 4th May, 2010.

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 NLC Tamilnadu Power Limited, Chennai, for the year ended 31st March, 2010. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries 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.

K**. Srinivasan**
Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board, Chennai
Place: Chennai Date : 11.06.2010

Auditors' Report

1. We have audited the attached Balance Sheet of NLC TAMILNADU POWER LIMITED, as at 31st March, 2010, the Profit and Loss Account for the year ended 31st March, 2010 and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

   (i) We have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

   (iii) The Balance Sheet & Profit and Loss account dealt with by this report are in agreement with the books ;

   (iv) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956.

   (v) In terms of Government of India,Ministry of Finance, Department of Company Affairs Notification No. GSR 829 (E) dated 21st October, 2003, Government Companies are exempt from the applicability of provisions of Section 274 (1) (g) of the Companies Act, 1956.

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

   (a) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March 2010;

   (b) In the case of the Profit and Loss Account, of the excess of expenditure (construction) for the year ended on that date;

   (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For M/s. Ramachandran & Murali
Chartered Accountants
Firm Regn. No. 002867S
C.S.GOVINDARAM
M.No.201902
Partner

Place : Chennai
Date : 04.05.2010

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date

(i) (a) The Company has proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) During the year, the Company has not disposed-off any part of the plant and machinery.

(ii) The Company does not have any inventories.

(iii) The Company has not granted loans to Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The Company has not borrowed money from the parties listed under Section 301 of the Companies Act, 1956.

(iv) The Company has adequate internal control system commensurate with the size and nature of its business for purchase of fixed assets.

(v) (a) The Company has not granted/taken any loan from Companies, firms and other parties listed under Section 301 of the Companies Act 1956.

(b) There are 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 Rs.5,00,000 or more.

(vi) In our opinion and according to the information and explanations given to us, the provisions of Section 58A and Section 58 AA of the Companies Act and the Companies (Acceptance of Deposit) Rules 1975 is not applicable to the Company at present.

(vii) The Company has an Internal Audit System commensurate with its size and nature of its business.

(viii) In our opinion, the system of maintenance of cost records is not applicable to the Company at present.

(ix) The Company does not have any liabilities of statutory dues.

(x) In our opinion, the Company does not have accumulated losses as on 31.03.2010. The Company has not incurred cash losses during the financial year covered by our audit. The Company is in the phase of construction.

(xi) The Company is not in default in repayment of dues to Bank/Financial Institutions.

(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion, the Company has not given guarantees for loans taken by others from banks or financial institutions.

(xvi) In our opinion, the Company has availed term loans during the year covered by the audit and the same is applied for the purpose for which it was raised.

(xvii) The Company has not used any fund raised on short term basis on long term investment.

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Act.

(xix) According to the information and explanations given to us, during the year covered by our audit report, the Company had not issued any debentures.

(xx) The Company has not raised any money through public issue of shares.

(xxi) 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.

For M/s. **Ramachandran & Murali**
Chartered Accountants
Firm Regn. No. 002867S

C.S.GOVINDARAM
Partner
M.No:201902

Place : Chennai
Date : 04.05.2010

Significant Accounting Policies

I. Fixed Assets

Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight and installation.

II. Depreciation

I. Depreciation on Fixed Assets is provided under straight line method as indicated below:-

Description of Assets Covered	Basis
Furniture & Equipment used in Guest House	At technically assessed rates
Other Assets	At the rates prescribed in Schedule XIV of the Companies Act,1956

II. In the year of commissioning of assets, depreciation is calculated on pro-rata basis, based on the number of months for which asset has been put in to use.

III. Intangible Assets

Computer Application Softwares acquired for an amount of more than Rs.10 lakh are captilised as intangible assets and amortised over a period of 5 years.

IV. Revenue Recognition

Revenue recognition is in accordance with Accounting Standard 9.

V. **Foreign Currency Transaction**

Transactions in Foreign Exchange are accounted for at the exchange rates prevailing on the date of transaction.

VI. Preliminary Expenses

Preliminary Expenses comprising company in corporation expenses are charged off over a period of 10 years.

VII. Capital Work in Progress

The expenditure relating to Feasibility Study, Statutory Clearances and other enabling works of the project were treated as Pre-operative Expenditure in the previous year. As these expenditures are in the nature of enabling works this has been considered as Capital Work in Progress.

VIII. Borrowing Cost

Borrowing Cost (net of interest earned on temporary investments) specifically attributable to the project fixed assets will be capitalised along with the cost of such assets.

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lakh)

	Schedule	As at 31st March 2010		As at 31st March 2009	
SOURCE OF FUNDS					
Shareholders ' Funds					
Share Capital	1		**30000.00**		10000.00
Share Application pending for allotment			**15500.00**		0.00
Loan Funds					
Secured Loan	2		**27192.07**		15265.00
TOTAL			**72692.07**		25265.00
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross Block		**51.14**		8.63	
Less: Provision for depreciation		**6.15**		0.29	
Net Block			**44.99**		8.34
Capital Work-in-Progress			**54334.83**		7152.25
Advance for Capital Items			**30131.27**		15709.69
CURRENT ASSETS, LOANS AND ADVANCES					
Cash and Bank Balance	4	**184.77**		2999.02	
Loans and Advances	5	**4690.06**		1.25	
		4874.83		3000.27	
Less: Current Liabilities & Provisions					
Current Liabilities	6	**16696.32**		608.43	
Net Current Assets			**(11821.49)**		2391.84
Miscellaneous Expenditure					
(To the extent not written off or adjusted)					
Preliminary expenses	7		**2.47**		2.88
TOTAL			**72692.07**		25265.00

The Schedules referred to above, notes on accounts and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

R. JAYASARATHY	**K. SEKAR**	**A.R. ANSARI**
COMPANY SECRETARY	DIRECTOR	CHAIRMAN

Place : Chennai
Date : 04.05.2010

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

For M/s. **RAMACHANDRAN & MURALI**
Chartered Accountants
Firm Regn. No.002867S

C.S. GOVINDARAM
Partner
M. No. 201902

Place : Chennai
Date : 04.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in lakh)

	Schedule	For the year ended 31st March 2010		For the year ended 31st March 2009
INCOME				
Other Income				
Interest on Deposit (includes TDS of Rs. 6.92 lakh)		43.81		0.00
Interest on Others		1.31		0.00
Recovered - Rent		8.18		0.00
Others		3.71	57.01	5.65
TOTAL			57.01	5.65
EXPENSES				
Employees' Remuneration and Benefits	8		226.15	9.16
Interest - REC Loan			2715.65	0.00
Depreciation			6.15	0.29
Other Expenses	9		550.76	9.17
TOTAL			3498.71	18.62
Surplus/(Deficit)			(3441.70)	(12.97)
Preliminary expenses written off			0.41	0.41
Transferred to Capital Work in Progress Accounts			(3442.11)	(13.38)

The Schedules referred to above, notes on accounts and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.

For and on behalf of the Board

R. JAYASARATHY	**K. SEKAR**	**A.R. ANSARI**
COMPANY SECRETARY	DIRECTOR	CHAIRMAN

Place : Chennai

Date : 04.05.2010

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

For M/s. **RAMACHANDRAN & MURALI**
Chartered Accountants
Firm Regn. No.002867S

C.S. GOVINDARAM
Partner
M. No. 201902

Place : Chennai
Date : 04.05.2010

(Rs in lakh)

SHARE CAPITAL

SCHEDULE-1

		As at 31.03.2010	As at 31.03.2009
a.	**Authorised**		
	1800000000 Equity Shares of Rs.10/- each	**180000.00**	180000.00
b.	**Issued, Subscribed and Paid-up**	**30000.00**	10000.00
	300000000 Equity Shares of Rs.10/- each fully paid-up		
c.	**Share Application money pending for Allotment**	**15500.00**	0.00
		45500.00	10000.00

SECURED LOAN

SCHEDULE-2

	As at 31.03.2010	As at 31.03.2009
Rural Electrification Corporation Ltd. - Term Loan	27192.07	15265.00

The Term Loan of Rs.343700 lakh is secured by pari-passu charge on project fixed assets financed.

FIXED ASSETS

SCHEDULE-3

Description	Gross Cost				Depreciation				Net Value	
	As at 31.03.2009	Additions	Deletions	**As at 31.03.2010**	As at 31.03.2009	With-drawals	For the Year	**As at 31.03.2010**	**As at 31.03.2010**	As at 31.03.2009
Plant & Machinery	3.70	12.27	0.00	**15.98**	0.29	0.00	1.74	**2.02**	**13.96**	3.41
Furniture & Equipment	4.93	22.53	0.00	**27.46**	0.00	0.00	1.05	**1.05**	**26.41**	4.93
Vehicles	0.00	4.97	0.00	**4.97**	0.00	0.00	0.35	**0.35**	**4.62**	0.00
Assets costing Rs. 5000 and below	0.00	2.73	0.00	**2.73**	0.00	0.00	2.73	**2.73**	**0.00**	0.00
Total	8.63	42.50	0.00	**51.14**	0.29	0.00	5.87	**6.15**	**44.99**	8.34

CASH AND BANK BALANCES

SCHEDULE-4

	As at 31.03.2010	As at 31.03.2009
Cash, Cheques and Demand Drafts on hand	**0.00**	0.07
With Scheduled Bank in Current Accounts		
Canara Bank, Kilpauk, Chennai - Escrow A/c	**0.05**	0.00
Canara Bank, Kilpauk, Chennai	**0.14**	2993.64
Canara Bank, Tuticorin	**12.56**	4.74
Canara Bank, Neyveli	**1.26**	0.57
State Bank of India, Tuticorin	**170.76**	0.00
	184.77	2999.02

(Rs in lakh)

LOANS AND ADVANCES

SCHEDULE-5

	As at 31.03.2010	As at 31.03.2009
Advances recoverable in cash or in kind or for value to be received		
Unsecured		
Considered Good	**4682.17**	0.00
Tax deducted at source	**7.89**	1.25
	4690.06	1.25

OTHER CURRENT LIABILITIES & PROVISIONS

SCHEDULE-6

	As at 31.03.2010	As at 31.03.2009
Sundry creditors and accured expenses	**189.45**	253.83
Liabilities for capital works	**16190.43**	0.00
Other liabilities	**308.17**	354.60
Interest accured but not due (REC Loan)	**8.27**	0.00
	16696.32	608.43

PRELIMINARY EXPENSES

SCHEDULE-7

	As at 31.03.2010	As at 31.03.2009
(To the extent not written off or adjusted)		
Preliminary project expenditure	**2.88**	3.29
Less: Written off	**0.41**	0.41
	2.47	2.88

EMPLOYEES' REMUNERATION AND BENEFITS

SCHEDULE-8

	For the year ended 31st March 2010	For the year ended 31st March 2009
Salaries, wages and incentives	**203.90**	9.16
Contribution to provident and other funds	**21.45**	0.00
Welfare expenses	**0.80**	0.00
	226.15	9.16

(Rs in lakh)

OTHER EXPENSES

SCHEDULE-9

	For the year ended 31st March 2010	For the year ended 31st March 2009
Petrol & diesel	**0.65**	0.00
Rent	**2.91**	0.00
Rent for lease hold land (TPT)	**431.09**	0.00
Licence fee	**0.10**	0.00
Repairs & maintenance	**14.75**	0.00
Travelling expenses	**24.31**	1.48
Payment to auditors		
Audit fees	**0.44**	0.22
Audit certification fees	**0.11**	0.06
Out of pocket expenses	**0.04**	0.00
Miscellaneous expenses	**76.36**	7.41
	550.76	9.17

NOTES ON ACCOUNTS

SCHEDULE-10

Sl No.	Subject in brief	For the year ended 31st March 2010
1.	Estimated value of contracts remaining to be executed on capital accounts not provided for	**360292.05**
2.	Capital works in progress includes capital goods in transit	**4814.50**
3.	Borrowing cost kept under capital work in progress	**3101.82**
4.	The details of foreign exchange payment made during the year (Euro 66000 and US $ 622149)	**348.15**

Figures of the previous year have been re-grouped wherever necessary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in lakh)

	For the year ended 31st March 2010	For the year ended 31st March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	**(3441.70)**	(13.38)
Adjustments for :		
Add: Depreciation	**6.15**	0.29
Preliminary expenses written off	**0.41**	0.41
Less: Interest income	**45.12**	0.00
Operating Profit before working capital changes	**(3480.26)**	(12.68)
Adjustments for working capital		
Loans and advances	**(4688.81)**	0.00
Current liabilities	**16087.89**	(110.75)
Net cash from operating activities	**7918.82**	(123.43)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(42.51)**	(8.63)
Preliminary/pre-operative expenses	**0.00**	(6327.20)
Advance for capital items	**(14421.58)**	(15709.69)
Capital work-in-progress	**(43741.17)**	0.00
Interest received	**45.12**	0.00
Net cash used in investing activities	**(58160.14)**	(22045.52)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan	**11927.07**	15265.00
Issue of shares	**20000.00**	9870.00
Share application money pending for allotment	**15500.00**	0.00
Net cash used/received in financing activities	**47427.07**	25135.00
Net cash increase/decrease in cash and cash activities	**(2814.25)**	2966.05
Cash and cash equivalents as at the beginning of the year	**2999.02**	32.97
Cash and cash equivalents as at the end of the year	**184.77**	2999.02

Note:- (-) indicates cash outflow

For and on behalf of the Board

R. JAYASARATHY
COMPANY SECRETARY

K. SEKAR
DIRECTOR

A.R. ANSARI
CHAIRMAN

Place : Chennai

Date : 04.05.2010

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

For M/s. **RAMACHANDRAN & MURALI**
Chartered Accountants
Firm Regd. No. 002867S

C.S. GOVINDARAM
Partner
M. No. 201902

Place : Chennai

Date : 04.05.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No. U 4 0 1 0 2 T N 2 0 0 5 G O I 0 5 8 0 5 0 State Code - 1 8

Balance Sheet Date 3 1 0 3 2 0 1 0
Date Month Year

II. Capital raised during the year (Amount Rs. in thousands):

Public Issue	- - - - - - - -	Rights Issue	2 0 0 0 0 0 0
		Share Application Money pending for Allotment	1 5 5 0 0 0 0
Bonus Issue	- - - - - - - -	Private Placement	- - - - - - - -

III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands):

Total Liabilities	7 2 6 9 2 0 7	Total Assets	7 2 6 9 2 0 7

Source of Funds

Paid-up Capital	3 0 0 0 0 0 0	Reserves and Surplus	- - - - - - -
Share Application Money pending for Allotment	1 5 5 0 0 0 0		
Secured Loans	2 7 1 9 2 0 7	Unsecured Loans	- - - - - - -
Deferred tax liability	- - - - - - -		

Application of Funds:

Net Fixed Assets	4 4 9 9	Investments	- - - - - - -
Capital Work in progress	5 4 3 3 4 8 3	Misc. Expenditure	2 4 7
Advance for Capital items	3 0 1 3 1 2 7		
Net Current Assets	(-) 1 1 8 2 1 4 9	Accumulated Losses	- - - - - - -

IV. Performance of Company (Amount Rs. in thousands):

Turnover	- - - - - - -	Total Expenditure	3 4 9 8 7 1
(+)Profit/(-)Loss Before Tax	- - - - - - - *	(+)Profit/(-)Loss After Tax	- - - - - - -
Earning per share in Rs.	- - - - - - -	Dividend @ %	- - -

V. Generic Names of three principal products/services of Company: (as per monetary terms):*

Item Code No. (ITC Code) : - - -

Product Description : - - -

* The Company is yet to start operation. Being construction stage, all transanction have been transferred to Capital work in progress

GANESAN AND COMPANY
Chartered Accountants,
New No.9, (Old No. 36), South Beach Avenue,
MRC Nagar Main Road, R.A. Puram,
Chennai - 600 028.

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

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

1. We have audited the attached Consolidated Balance Sheet of **NEYVELI LIGNITE CORPORATION LIMITED** ("the Company"), and its subsidiary and joint venture (collectively referred to as "the Group"), as at 31st March, 2010, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "the Consolidated Financial Statements"). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statements of subsidiary and joint venture whose financial statements reflect total assets of Rs. 726.92 crore as at 31st March, 2010, total revenues of Rs.Nil and total cash outflows of Rs. 28.14 crore for the year ended on that date as considered in the consolidated financial statements. The financial statements of subsidiary and joint venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint venture are based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 - Financial reporting of interests in joint ventures as notified under Companies (Accounting Standard) Rules, 2006.

5.. We further report that:

   a. **Accounting Standard AS 6 - Depreciation as notified under Companies (Accounting Standard) Rules, 2006 had not been complied with by the Company in respect of unamortised depreciable amount not charged over the revised remaining useful life in respect of Specialised Mining Equipment (SME) existing on 31.08.2007 [the date of the order of the Ministry of Company Affairs reducing the rate of depreciation for SME from 11.31% to 6.33%]. Had this method of accounting been followed, the provision for depreciation for the period would have been lower by Rs.44.77 crore. Accordingly profit for the year and fixed assets are understated to that extent.**

b. **Attention is invited to Note No. 18 of Schedule - 22, Notes on Accounts regarding accounting of sale of power by adopting provisional tariff. Pending final order on power tariff by Central Electricity Regulatory Commission (CERC), consequent adjustments, that may arise in future, are not ascertainable at this stage.**

Subject to our comments in para 5 above, based on our audit and on consideration of the reports of other auditors on separate financial statements, and on other financial information of the components, and to the best of our information and explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2010;

b) In the case of Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and

c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For GANESAN AND COMPANY Chartered Accountants Firm Regn. No. 000859S	For L.U.KRISHNAN & CO., Chartered Accountants Firm Regn. No. 001527S
N. Venkatramani Partner M.No.215145	R. Aghoramurthy Partner M.No.007595

Place : Chennai
Date : 27.05.2010

Significant Accounting Policies

Principles of Consolidation

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

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

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

I. Fixed Assets

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

II. Depreciation

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

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

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

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

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

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

III. Intangible Assets

a. Computer Software :

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

b. Research & Development (internally generated projects) :

   i. Expenditure incurred during the phase of research is charged to revenue.

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

IV. Inventory Valuation

At the lower of cost and net realisable value.

Description	Basis of Cost
Lignite	At absorption cost excluding share of common charges and social overhead.
Stores & Spares procured	At weighted average acquisition cost.
Fly ash bricks	At absorption cost.
Goods in transit including goods received but pending inspection/acceptance	At cost.

Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken as Nil value.

V. Mine Closure Expenditure

Concurrent mine closure expenses are accounted as and when incurred. The cost of final mine closure is estimated and provided for on the basis of annual lignite production to the total estimated mineable reserve as on 1.4.2004. In respect of new mines, the estimated mineable reserve as on the date of commissioning will be reckoned. The estimates are reviewed periodically and accordingly the provision is also revised.

VI. Prepaid Expenses

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

VII. Long term Investments

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

VIII. Preliminary Project Expenditure

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

IX. Accounting for Grants

i. Government and other grants received relating to depreciable fixed assets are taken to capital grants and treated as 'Deferred Income' and recognised in the Profit and Loss Account by allocating to income over the period in which the depreciation is charged.

ii. Grants relating to non-depreciable assets are credited to income over a period in which the cost of meeting the obligations attached to the grants is charged to income.

iii. Revenue grants to the extent utilised are accounted in Profit and Loss Account.

X. Reserves and Surplus

Interest Differential Reserve

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

XI. Employee Benefits

Employee benefits are accounted as follows as per AS-15 (Revised) 2005.

a. Short-term employee benefits such as wages, salaries, incentives, short-term EL and HPL are fully provided for.

b. Long-term employee benefits such as EL and HPL are provided for as per actuarial valuation.

c. Post-employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to LIC Group Gratuity Fund.

d. Post-Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.

e. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

XII. Allocation of common charges / social overhead expenses

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

XIII. Prior Period and Extra-ordinary Items

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

XIV. Significant events occuring after the Balance Sheet date

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

XV. Revenue Recognition

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

b. Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and/or in the year of acceptance of the claim/certainty of realisation as the case may be.

c. Cash discounts for prompt payments are accounted as and when the related dues are settled.

XVI. Foreign Exchange transactions

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

XVII. Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future, whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence. Deferred Tax Assets / Liabilities are reviewed at each Balance Sheet date.

XVIII. Borrowing Cost

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

XIX. Construction Projects

1. Capitalisation and Depreciation Provision

A. Specialised Mining Equipment

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

B. Power Generation Unit

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

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

XX. Preliminary Expenses

Preliminary Expenses comprising company incorporation expenses are charged off over a period of 10 years.

****

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs.in crore)

	Schedule	As at 31st March 2010		As at 31st March 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		**1677.71**		1677.71
Reserves and Surplus	2		**8646.96**		7791.52
Minority Interest			**33.00**		11.00
Loan Funds					
Secured Loans	3		**3509.42**		3252.65
Unsecured Loans	4		**839.86**		957.70
Deferred Tax Liability (Net)			**570.43**		671.44
TOTAL			**15277.38**		14362.02
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		**11932.97**		10893.48	
Less: Depreciation		**6693.70**		6390.42	
Net Block		**5239.27**		4503.06	
Capital Work-In-Progress		**4374.57**		4030.67	
- Share of interest in Joint Venture		**2.56**		2.52	
Advance for Capital Items		**378.57**		320.03	
			9994.97		8856.28
Investments	6		**619.17**		722.37
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	**502.96**		535.85	
Sundry Debtors	8	**1611.62**		781.44	
Cash and Bank Balances	9	**4826.61**		5482.33	
Other Current Assets	10	**164.56**		189.47	
Loans and Advances	11	**627.99**		597.23	
		7733.74		7586.32	
Less: Current Liabilities & Provisions	12				
A. Current Liabilities		**2556.39**		2066.75	
B. Provisions		**613.28**		792.66	
Net Current Assets			**4564.07**		4726.91
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	12A		**99.17**		56.46
TOTAL			**15277.38**		14362.02

The Schedules referred to above, notes on accounts (Schedule-22) and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K. SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place: Chennai

Date: 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No.0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	Schedule	For the year ended 31st March 2010		For the year ended 31st March 2009	
INCOME					
Sales	13		**4121.03**		2825.11
Adjustment relating to previous year sales			**0.00**		529.80
			4121.03		3354.91
Other Income	14		**598.73**		664.98
Increase/Decrease(-)in Stocks	15		**-30.20**		55.81
TOTAL			**4689.56**		4075.70
EXPENSES					
Employees' Remuneration and Benefits	16		**1696.53**		1309.87
Interest	17		**33.58**		8.15
Depreciation	18		**253.89**		424.50
Other Expenses	19		**1172.30**		1313.72
			3156.30		3056.24
Less: Expenses Capitalised			**68.43**		34.26
TOTAL			**3087.87**		3021.98
Profit for the year before extra-ordinary items			**1601.69**		1053.72
Extra-ordinary items	20		**0.00**		0.00
Profit after extra-ordinary Items			**1601.69**		1053.72
Prior Period Adjustments(Net)	21		**3.17**		-7.71
Profit before tax			**1604.86**		1046.01
Income-tax					
For current year		**402.00**		231.00	
For previous year		**56.40**		-84.11	
Deferred tax		**-101.00**		65.55	
Fringe Benefit Tax		**0.00**	**357.40**	12.48	224.92
Profit after tax			**1247.46**		821.09
Surplus brought forward from previous year			**7071.35**		6748.07
			8318.81		7569.16
Exchange rate variation of previous year			**0.00**		0.45
Transfer to/from Interest Differential Fund Reserve			**12.50**		20.69
Transfer to/from Bond Redemption Reserve			**15.00**		15.00
Carried Forward			**8291.31**		7533.92

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	Schedule	For the year ended 31st March 2010	For the year ended 31st March 2009
Brought Forward		**8291.31**	7533.92
Transfer to General Reserve		**100.00**	70.00
Interim Dividend		**167.77**	0.00
Tax on Interim Dividend		**28.51**	0.00
Proposed Final Dividend		**167.77**	335.54
Tax on Proposed Final Dividend		**27.86**	57.03
Surplus carried to Balance Sheet		**7799.40**	7071.35
Earnings per Share - Basic and Diluted before and after extra-ordinary Items. (Face value Rs.10/-)		**7.44**	4.89

The Schedules referred to above, Notes on accounts (Schedule-22) and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K.SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : Chennai

Date : 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No.0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

(Rs.in crore)

SHARE CAPITAL

SCHEDULE-1

	As at 31st March 2010	As at 31st March 2009
Authorised		
2,00,00,00,000 Equity Shares of Rs.10/- each	**2000.00**	2000.00
Issued, Subscribed and Paid Up		
1,61,31,86,300 Equity shares of Rs.10/- each fully paid	**1613.19**	1613.19
6,01,50,000 Equity Shares of Rs.10/- each issued by converting Government Loan into Equity	**60.15**	60.15
43,73,300 Equity Shares of Rs.10/- each issued as fully paid for consideration other than cash	**4.37**	4.37
	1677.71	1677.71

RESERVES AND SURPLUS

SCHEDULE-2

	As at 01.04.2009	Additions	Withdrawal	As at 31.03.2010
Capital Reserve vide Schedule 2A	2.48	0.00	0.11	**2.37**
Profit and Loss Account	7071.35	1270.54	542.49	**7799.40**
KfW Interest Differential Reserve:				
Sub Account No.I	106.35	35.58	17.40	**124.53**
Sub Account No.II	99.34	0.00	5.68	**93.66**
General Reserve	497.00	100.00	0.00	**597.00**
Bond Redemption Reserve	15.00	15.00	0.00	**30.00**
	7791.52	1421.12	565.68	**8646.96**

CAPITAL RESERVES

SCHEDULE-2A

	As at 01.04.2009	Additions	Withdrawal	As at 31.03.2010
CAPITAL GRANTS				
USTDA Grant	1.51	0.00	0.00	**1.51**
Fly Ash Housing Grant	0.02	0.00	0.00	**0.02**
Plant Renovation Grant	0.24	0.00	0.10	**0.14**
Safety Investigation System	0.71	0.00	0.01	**0.70**
	2.48	0.00	0.11	**2.37**

(Rs.in crore)

SECURED LOANS

SCHEDULE-3

	As at 31st March 2010	As at 31st March 2009
Rural Electrification Corporation Term Loan*	**271.92**	152.65
Loans and advances from Banks #	**2637.50**	2500.00
Neyveli Bonds - 2009 $	**600.00**	600.00
	3509.42	3252.65

* Term Loan of Rs.3437 crore is secured by paripassu charge on susidiary Company fixed assets financed.

\# Rupee Term Loan of Rs.3750 crore is secured by paripassu charge on project fixed assets financed .

$ 6000, 8.83% 10 Years, Secured Redeemable Taxable Non-convertible Bonds in the nature of Debentures of Rs.10 lakh each secured by way of paripassu charge on the present and future fixed assets of Mine-II Expansion Project, TS-II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property, redeemable on 23.01.2019.

UNSECURED LOANS

SCHEDULE-4

	As at 31st March 2010	As at 31st March 2009
Foreign Currency loan from KfW-Germany ##		
88.68 Million Euro (91.92 Million Euro)	**537.06**	620.30
Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore.		
50 Million Euro (50 Million Euro)	**302.80**	337.40
	839.86	957.70
Repayable within one year	**19.62**	21.86

\## Guaranteed by the Government of India

(Rs.in crore)

FIXED ASSETS

SCHEDULE-5

Description	Gross Cost				Depreciation				Net Value	
	As at 31.03.2009	Additions Transfers	Disposals/ Trans./Adjt.	**As at 31.3.2010**	As at 31.03.2009	Withdrawals/ Trans./Adjt.	For the Year	**As at 31.3.2010**	**As at 31.3.2010**	As at 31.03.2009
Land	226.75	103.59	0.00	**330.34**	0.00	0.00	0.00	**0.00**	**330.34**	226.75
Roads	36.67	3.28	0.00	**39.95**	9.57	0.00	0.90	**10.47**	**29.48**	27.10
Buildings ++	246.29	10.01	0.00	**256.30**	103.16	0.00	5.65	**108.81**	**147.49**	143.12
Elec.Installations	289.34	6.32	0.10	**295.56**	105.73	0.02	10.31	**116.02**	**179.54**	183.62
Water Supply & Drainage	101.30	23.27	0.00	**124.57**	45.66	0.00	8.93	**54.59**	**69.98**	55.64
Plant & Machinery *	9002.91	609.98	21.40	**9591.49**	5790.60	20.02	264.48	**6035.06**	**3556.43**	3212.30
Furniture & Equipment	55.39	4.93	0.88	**59.44**	35.74	0.81	3.08	**38.01**	**21.43**	19.65
Share of interest in Joint Venture	0.02	0.00	0.00	**0.02**	0.00	0.00	0.00	**0.00**	**0.02**	0.02
Vehicles	70.92	10.14	2.28	**78.78**	43.09	2.13	5.47	**46.43**	**32.35**	27.82
Assets costing Rs.5000 and below	5.15	0.33	0.00	**5.47**	5.15	0.00	0.33	**5.47**	**0.00**	0.00
Intangible assets software	5.76	0.21	0.00	**5.97**	2.60	0.00	1.16	**3.77**	**2.20**	3.15
	10040.49	772.05	24.66	**10787.89 #**	6141.31	22.99	300.30	**6418.62**	**4369.27**	3899.17
Mine Development										
Mine-I	464.33	0.00	0.00	**464.33**	160.71	0.00	18.63 @	**179.34**	**284.98**	303.62
Mine-IA	121.71	0.00	0.00	**121.71**	18.60	0.00	2.71 @	**21.31**	**100.40**	103.11
Mine-II	153.98	287.52	0.00	**441.51**	69.80	0.00	4.57 @	**74.37**	**367.14**	84.19
Barsingsar Mine	112.97	4.57	0.00	**117.54**	0.00	0.00	0.05	**0.05**	**117.49**	112.97
Total	10893.48	1064.15	24.66	**11932.97**	6390.42	22.99	326.28	**6693.70**	**5239.27**	4503.06
Previous Year	9680.47	1228.48	15.47	**10893.48**	5936.80	12.01	465.62	**6390.42**	**4503.06**	

Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects.

++ Includes leasehold buildings of value Rs.2.10 crore for which lease agreement is yet to be signed. Normal depreciation rate adopted in view of lower amortisation rate.

* Includes Insurance Spares.

Includes Assets non-commissioned amounting to Rs. 96.01crore (Previous year Rs.0.85 crore).

@ Represents provisions for amortisation.

(Rs.in crore)

INVESTMENTS

SCHEDULE-6

	As at 31st March 2010	As at 31st March 2009
Trade Investments at cost		
(Quoted)		
8.5% tax free SLR Power Bonds issued by State Governments.	**619.17**	722.37
(Market value not available)		
	619.17	722.37

INVENTORIES

SCHEDULE-7

	As at 31st March 2010		As at 31st March 2009	
(As certified by the Management)				
Raw Materials		**49.40**		87.73
Stores and Spares	**463.24**		454.19	
Less:Provision	**10.25**	**452.99**	6.55	447.64
Solid/Hollow/Fly Ash Bricks		**0.57**		0.48
		502.96		535.85

SUNDRY DEBTORS

SCHEDULE-8

	As at 31st March 2010	As at 31st March 2009
Unsecured		
Considered Good		
More than six months	**455.43**	514.53
Others	**1156.19**	266.91
Considered Doubtful	**2.85**	6.97
	1614.47	788.41
Less:Provision for Doubtful Debts	**2.85**	6.97
	1611.62	781.44

(Rs.in crore)

CASH AND BANK BALANCES

SCHEDULE-9

	As at 31st March 2010	As at 31st March 2009
Cash,Cheques and Demand Drafts on hand	**0.66**	0.48
With Scheduled Banks		
In Current Accounts	**59.97**	67.52
- Share of Interest in Joint Venture	**0.00**	0.00
Unpaid Dividend Account	**1.28**	0.63
In Fixed Deposit		
Short-term Deposits	**4763.39**	5413.38
- Share of Interest in Joint Venture	**1.13**	0.14
Staff Security Deposit	**0.01**	0.01
Endowment Fund in the name of Neyveli Lignite Corporation Schools	**0.17**	0.17
	4826.61	5482.33

OTHER CURRENT ASSETS

SCHEDULE-10

	As at 31st March 2010		As at 31st March 2009	
Interest accrued		**164.08**		188.98
- Share of interest in Joint venture		**0.00**		0.00
Disposable/Dismantled assets,Spares	**2.43**		2.44	
Less: Provision for impairment of assets	**1.95**	**0.48**	1.95	0.49
		164.56		189.47

LOANS AND ADVANCES

SCHEDULE-11

	As at 31st March 2010		As at 31st March 2009	
Advances recoverable in cash or in kind or for value to be received				
Secured		**85.44**		77.96
Unsecured				
Considered good		**138.19**		93.00
-Share of interest in Joint Venture		**0.08**		0.00
Considered doubtful		**3.36**		3.56
		227.07		174.52
Less:Provision for doubtful advances		**3.36**		3.56
		223.71		170.96
Prepaid Expenses		**5.01**		0.00
Advance Income tax	**1727.97**		1305.84	
Less : Provision for taxation	**1328.96**	**399.01**	879.83	426.01
Deposit with Central Excise, Port Trust and Customs authorities		**0.26**		0.26
		627.99		597.23
1. a. Due by Officers		**-**		-
b. Maximum amount due at any time during the year		**-**		-
2. a. Due by Directors		**-**		-
b. Maximum amount due at any time during the year		**-**		-

(Rs.in crore)

CURRENT LIABILITIES & PROVISIONS

SCHEDULE-12

	As at 31st March 2010	As at 31st March 2009
A. Current Liabilities		
Sundry creditors and accrued expenses	**1177.02**	735.81
- Share of interest in Joint Venture	**0.10**	0.00
Mine closure	**491.40**	399.20
Capital works and purchases	**588.50**	471.41
Other liabilities	**279.95**	434.88
- Share of interest in Joint Venture	**0.00**	2.66
Unutilised revenue grant	**6.21**	8.35
Unclaimed dividend	**1.28**	0.63
Staff security deposit	**0.01**	0.01
Interest accrued but not due		
- Neyveli Bonds	**9.87**	9.87
- Credit Agricole Corporation & Investment bank	**0.96**	2.77
- KfW	**1.01**	1.16
- REC Loan	**0.08**	0.00
	2556.39	2066.75
B. Provision		
Provision for accrued earned leave	**143.41**	96.06
Provision for half pay leave	**70.33**	49.18
Provision for short-term benefit of earned leave	**3.43**	3.46
Provision for short-term benefit of half pay leave	**1.95**	1.48
Provision for Gratuity	**141.37**	203.77
Provision for contingencies	**44.82**	35.13
Provision for post retirement medical benefit	**11.48**	10.15
Provision for loss on assets	**0.86**	0.86
Provision for proposed final dividend	**167.77**	335.54
Provision for proposed final dividend tax	**27.86**	57.03
	613.28	792.66

MISCELLANEOUS EXPENDITURE

SCHEDULE-12A

	As at 31st March 2010	As at 31st March 2009
(To the extent not written off or adjusted)		
Preliminary project expenditure	**48.03**	42.06
- Share of interest in Joint Venture	**0.08**	0.00
Advance Overburden removal expenditure	**55.27**	18.26
Total	**103.38**	60.32
Less: Provision	**4.21**	3.86
	99.17	56.46

SALES

SCHEDULE-13

Products	Unit	For the year ended 31st March 2010 Quantity	For the year ended 31st March 2010 Value (Rs.in crore)	For the year ended 31st March 2009 Quantity	For the year ended 31st March 2009 Value (Rs.in crore)
Power	MU	**14828**	**3813.81**	13204	2578.22
Lignite	LT	**22**	**316.35**	21	251.72
Miscellaneous			**0.51**		0.27
			4130.67		2830.21
Less : Transfer to Capital Expenditure Accounts			**9.64**		5.10
			4121.03		2825.11

MU-Million Units LT-Lakh Tonnes

OTHER INCOME

(Rs.in crore)
SCHEDULE-14

	For the year ended 31st March 2010	For the year ended 31st March 2009
Interest		
Bank [Includes TDS Rs.55.82 crore (Rs.111.21 crore)]	**435.01**	496.64
- Share of interest in Joint Venture	**0.02**	0.00
Employees	**6.51**	5.66
Long term investments	**59.21**	67.98
Others	**14.63**	27.06
Recoveries		
Rent	**7.99**	7.42
Others	**0.48**	0.41
Packing & freight, handling charges recovered	**5.88**	3.89
Profit on Sale of assets	**3.49**	1.97
Provision written back	**5.15**	7.77
Miscellaneous	**65.47**	52.48
	603.84	671.28
Less: Transfer to Capital Expenditure Accounts	**5.09**	6.30
- Share of interest in Joint Venture	**0.02**	0.00
	598.73	664.98

INCREASE / DECREASE (-) IN STOCK

SCHEDULE-15

Products	Unit	For the year ended 31st March 2010 Quantity	For the year ended 31st March 2010 Value (Rs.in crore)	For the year ended 31st March 2009 Quantity	For the year ended 31st March 2009 Value (Rs.in crore)
A. OPENING STOCK					
Raw Material					
Lignite	LT	**9**	**87.73**	3	22.36
Less: Transfer to capital account			**9.62**		0.06
			78.11		22.30
B.CLOSING STOCK					
Raw Material					
Lignite*	LT	**5**	**49.40**	9	87.73
Less : Transfer to capital account			**1.49**		9.62
			47.91		78.11
Opening Stock			**78.11**		22.30
Less:Closing Stock			**47.91**		78.11
Increase/Decrease (-) in Stock			**-30.20**		55.81

LT-Lakh Tonnes
* Does not include Bed-stock Quantity of 14891.74 Tonnes (P.Y. 14630.45 Tonnes)

(Rs.in crore)

EMPLOYEES' REMUNERATION AND BENEFITS

SCHEDULE-16

	For the year ended 31st March 2010	For the year ended 31st March 2009
Salaries,Wages and Incentives	**1485.88**	943.53
- Share of Interest in Joint Venture	**0.26**	0.09
Contribution to Provident and other funds	**83.69**	55.67
Gratuity	**65.65**	219.46
Welfare expenses	**111.57**	116.89
	1747.05	1335.64
Less:Transfer to Capital Expenditure Accounts	**50.26**	25.68
- Share of Interest in Joint Venture	**0.26**	0.09
	1696.53	1309.87

(Rs.in crore)

INTEREST

SCHEDULE-17

	For the year ended 31st March 2010	For the year ended 31st March 2009
Fixed loans		
Unsecured loans - KfW -foreign currency loan	**4.45**	4.85
Unsecured loans - Credit Agricole Corporate & Investment bank -foreign currency loan	**8.66**	20.56
Secured loans-NLC Bonds	**52.98**	11.19
Loan from Banks	**217.72**	195.02
Interest - REC Loan	**27.16**	0.00
Others	**4.25**	0.17
	315.22	231.79
Less:Transfer to Capital Expenditure Accounts	**281.64**	223.64
	33.58	8.15

DEPRECIATION

SCHEDULE-18

	For the year ended 31st March 2010	For the year ended 31st March 2009
Fixed Assets	**298.41**	437.45
Mine Development and other amortisations	**25.97**	29.16
	324.38	466.61
Less: Transfer to Capital Expenditure Accounts	**70.41**	42.10
Transfer from Capital Grants	**0.08**	0.01
	253.89	424.50

OTHER EXPENSES

SCHEDULE-19

	For the year ended 31st March 2010	For the year ended 31st March 2009
Consumption of stores and spares	**465.51**	375.94
Fuel	**51.66**	75.26
Mine closure	**92.19**	399.20
Advance OB removal charge off	**6.91**	0.00
Excise duty	**0.01**	0.01
Rent	**4.65**	0.13
Rates and taxes		
Electricity tax	**1.23**	1.02
Others	**5.99**	4.26
Wealth Tax	**0.17**	0.14
Carried Forward	**628.32**	855.96

(Rs.in crore)

OTHER EXPENSES CONTD., SCHEDULE-19

	For the year ended 31st March 2010	For the year ended 31st March 2009
Brought forward	**628.32**	855.96
Repairs and Maintenance		
Plant and Machinery	**79.76**	51.18
Buildings	**13.88**	8.18
Others	**118.93**	104.51
Out sourcing of Overburden Removal	**50.18**	55.81
Insurance	**0.75**	4.61
Payments to auditors		
Audit fees	**0.12**	0.10
Tax Audit fees	**0.06**	0.06
Other Certification fees	**0.05**	0.03
Reimbursement of expenses	**0.03**	0.04
Travelling expenses	**9.21**	8.87
- Share of Interest in Joint venture	**0.04**	0.02
Training expenses	**2.63**	1.57
Family Welfare expenses	**1.61**	1.90
Guarantee Fees KfW loan	**7.44**	7.20
Selling expenses		
Discounts	**52.63**	43.86
Afforestation expenses	**5.95**	3.74
Loss on disposal of assets	**0.19**	0.04
Fixed assets written off	**0.05**	-0.03
Provision for Contingencies	**10.00**	0.00
Provision for stores & materials	**4.40**	0.82
Provision for Doubtful debts/advances	**0.05**	0.62
Bad debts written off	**0.00**	0.02
Provision for preliminary expenses	**0.36**	3.32
Preliminary expenditure written off	**0.01**	0.01
Royalty	**157.26**	137.48
Central Industrial Security Force expenses	**46.56**	56.55
Miscellaneous expenses	**51.75**	55.32
	1242.22	1401.79
Less:Transfer to Capital Expenditure Accounts	**68.29**	86.98
- Share of Interest in Joint Venture	**0.04**	0.02
Transfer from Grant	**1.59**	1.07
	1172.30	1313.72

(Rs.in crore)

OTHER EXPENSES TRANSFERRED TO CAPITAL ACCOUNTS

SCHEDULE-19A

	For the year ended 31st March 2010	For the year ended 31st March 2009
Consumption of stores and spares	**6.20**	2.73
Fuel	**9.49**	0.00
Other taxes	**0.84**	0.59
Rent	**4.34**	0.00
Repairs and Maintenance		
Plant and Machinery	**22.44**	7.99
Buildings	**1.10**	1.37
Others	**8.02**	5.97
OB Removal Outsourcing	**0.00**	39.70
Insurance	**0.02**	0.17
Payments to auditors		
Audit fees	**0.03**	0.00
Tax audit fees	**0.00**	0.00
Reimbursement of expenses	**0.01**	0.00
Travelling expenses	**1.96**	3.79
Training expenses	**0.12**	0.07
Family welfare expenses	**0.01**	0.00
Other expenses	**0.00**	-0.12
Afforestation expenses	**0.31**	0.42
Preliminary expenses written-off	**0.01**	0.01
Royalty	**0.46**	0.26
Miscellaneous expenses	**12.93**	24.03
	68.29	86.98

EXTRA-ORDINARY ITEMS

SCHEDULE-20

	For the year ended 31st March 2010	For the year ended 31st March 2009
	0.00	0.00

PRIOR PERIOD ADJUSTMENTS

SCHEDULE-21

	For the year ended 31st March 2010	For the year ended 31st March 2009
Depreciation	**-1.89**	1.00
Consumption of stores and spares	**2.30**	-5.08
Other Income	**2.76**	-3.63
Prior period adjustment (Net)	**3.17**	-7.71

Note:(-) indicates debit

(Rs.in crore)

NOTES ON ACCOUNTS

SCHEDULE-22

Sl. No.	Subject in brief	**For the year ended 31st March 2010**	For the year ended 31st March 2009
1.	1. Contingent liability exists in respect of :		
	a. Guarantees issued by the Company	**0.01**	0.01
	b. Additional customs duty, on final assessment of goods released on bond	**N.Q**	N.Q
	c. Labour Court cases	**N.Q**	N.Q
	2. Claims against the Corporation not acknowledged as debts:		
	a. From employees/others	**7.23**	6.43
	b. From suppliers/contractors	**1317.59**	1207.87
	c. From statutory authorities	**16.03**	16.03
	d. Disputed amount of Income tax	**0.90**	16.30
2.	a. Estimated value of contracts remaining to be executed on capital accounts not provided for	**4199.44**	872.27
	b. Commitment for the acquisition of lands	**85.71**	91.02
3.	Value of Securities other than cash not considered in accounts	**1.37**	1.52
4.	a. Capital Work in progress includes Capital Goods in stock and in Transit amounting to	**159.71**	305.51
	b. Stores & Spares include Goods-in-Transit amounting to	**44.95**	24.51
5.	Pending High Court decision, the additional land compensation deposited with Court has not been capitalised	**0.26**	0.42
6.	The effect of foreign exchange fluctuation during the year is as under:		
	i. The amount of exchange rate difference debited/ (credited) to the Profit & Loss Account is	**(1.48)**	1.65
	ii. The amount of exchange rate difference adjusted by way of debiting / (crediting) to the carrying amount of fixed assets & WIP	**(83.61)**	25.71
	iii. Capitalisation of Exchange rate difference due to exercise of option in terms of para 46 of AS 11 of Companies (Accounting Standards) Rules, 2006	**0.00**	0.45
7.	Expenditure incurred on Research & Development:		
	a. Capital Expenditure	**0.14**	0.63
	b. Revenue Expenditure	**8.52**	5.53
8.	Deferred tax liability comprises the following:		
	a. Deferred tax liability: Related to Depreciation	**679.95**	730.20
	b. Deferred tax Assets: Provisions, etc.	**109.52**	58.76
	c. Net Deferred tax liability (a-b)	**570.43**	671.44
9.	Borrowing cost capitalised during the year		
	a. Interest and commitment charges	**285.50**	223.64
	b. Exchange rate difference arising from foreign currency loan	**(12.38)**	4.74
10.	Disclosure under Accounting Standard 15 on Employee Benefits :		
	1. Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	i. The actuarial gain or losses will be recognised in the year of occurrence		
	ii. The LIC Group Gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year-end		

(Rs.in crore)

NOTES ON ACCOUNTS CONTD.,

SCHEDULE-22

Sl. No.	Subject in brief	For the year ended 31st March 2010	For the year ended 31st March 2009
	iii. The amounts recognised in the balance sheet are as follows:		
	Present Value of funded obligations	**412.87**	270.65
	Fair value of plan assets	**414.20**	272.09
	Unrecognised past service cost	**0.00**	0.00
	Net liability in the Balance Sheet	**0.00**	0.00
	(Does not include Rs. 141.37 crore (Rs. 203.77 crore) representing increase on account of pay revision, which has been fully provided for)		
	iv. The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	**3.17**	18.66
	Interest on obligation	**20.95**	19.24
	Expected return on plan assets	**26.11**	(20.57)
	Net actuarial losses (gains) recognised in year	**130.24**	(2.57)
	Past service cost	**0.00**	0.00
	Losses (gains) on curtailments and settlements	**0.00**	0.00
	Total included in employee benefit expense (Included in the year 2008-09)	**128.24**	14.76
	Actual return on plan assets	**31.55**	18.26
	v. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:		
	Opening defined benefit obligation	**270.65**	240.54
	Prior period adjustment	**0.00**	0.00
	Service cost	**3.17**	18.66
	Interest cost	**19.65**	19.24
	Actuarial losses (gains)	**136.97**	0.00
	Benefits paid	**-17.58**	-7.79
	Closing defined benefit obligation	**412.87**	270.65
	vi. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
	Opening fair value of plan assets	**270.14**	242.31
	Expected return	**26.02**	22.10
	Actuarial gains and (losses)	**5.53**	-2.57
	Contributions by employer	**130.09**	14.76
	Assets acquired in an amalgamation in the nature of purchase	**0.00**	0.00
	Others	**0.00**	3.28
	Benefits paid	**17.58**	7.79
	Closing fair value of plan assets	**414.20**	272.09
	vii. Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discount rate per annum	**7.5**	8
	Expected return per annum on plan assets	**8**	9.15
	Salary Escalation per annum	9	9
	Retirement Age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	Nil

(Rs.in crore)

NOTES ON ACCOUNTS CONTD.,

SCHEDULE-22

Sl. No.	Subject in brief	For the year ended 31st March 2010	For the year ended 31st March 2009
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:		
	i. Amount recognised in the profit and loss account as premium paid to the Insurance Company	**7.79**	18.61
	ii. Liability Provided for the fixed Medical Assistance	**6.01**	3.36
11.	Details of contingency provisions:		

Description	Opening	Addn.	Withdrawal	Closing
Interest on disputed tax deducted at source	16.89	-	0.31	16.58
Provision for Barsingsar Mine Development Expenditure incurred in earlier year	18.24	-	-	18.24
Provision for arbitration	-	10.00	-	10.00

Sl. No.	Subject in brief
12.	As per the accounting policy of the Corporation, surcharge recoverable from Electricity Boards on the belated settlement of the power bill amounting to Rs.116.83 crore has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.
13.	The rate of depreciation has been modified to match with main equipment of Thermal Power Station - I on account of revised planned shut down of the unit.
14.	Details relating to Related Party disclosure, Intrest in Joint Venture, segment wise results are furnished the Annexure to Schedule - 22.
15.	There is no impact in profit due to change in accounting policy of providing depreciation by way of fixing ceiling limit of Rs.1 crore for prior period transaction. However depreciation to the extent of Rs. 0.75 crore (debit) has been included in the current year on account of this change.
16.	i. Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 3.04 crore.
	ii. Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act Rs. 0.03 crore.
17.	Pending finalisation of pay revision to non-executives from 01.01.2007, provisional liability is being provided in the accounts towards arrears of pay revision. The liability as on 31.3.2010 is Rs 564.24 crore.
18.	As per the accounting policy, pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges. On account of this an amount of Rs 805.34 crore has been reckoned as sale of power and Rs 52.20 crore has been reckoned as sale of lignite for which the bill will be raised on receipt of CERC order.
19.	Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.
20.	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of sundry debtors, advances and amounts due to creditors are subject to confirmation.
21.	Profit after tax - Rs.1247.46 crore. Numbers of shares - 167,77,09,600. Face value of share - Rs.10/-.
22.	There is no impairment loss identified other than disposable/dismantled assets for which provision of Rs.1.95 crore has been created as per Accounting Standard-28.
23.	Figures of the previous year have been re-grouped wherever necessary.

NQ – NOT QUANTIFIABLE / NOT QUANTIFIED

ANNEXURE REFERRED TO IN SCHEDULE-22

I. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties : (a) Key Management Personnel

Chairman-cum-Managing Director	**Directors**	
Shri A.R. Ansari	Shri. Alok Perti Dr. Rajiv Sharma Shri. Rajeev Ranjan Shri. M.F. Farooqui Shri.V. Sethuraman	Shri P. Babu Rao Shri J.N. Prasanna kumar Shri B. Surender Mohan Shri. R. Kandasamy Shri. K. Sekar

(ii) Transactions during the year with related parties :
1. Remuneration to Directors listed in (a) above :Rs. 2.10 crore

II. As per Accounting Standard 27, issued by the Institute of Chartered Accountants of India, the disclosure in respect of the interests in Joint Venture is furnished as under:

a. Company Name : M/s. MNH Shakti Limited,

b. Registered Office : Anand Vihar ,
PO Jagruti Vihar,
Sambalpur District,
Orissa.

c. Joint Venture / Interest :
1. M/s. Mahanadi Coal fields Ltd. - 70%
2. M/s. Neyveli Lignite Corporation Ltd.- 15%
3. M/s. Hindalco Industries Ltd. - 15%

****

SEGMENTWISE RESULTS FOR THE YEAR 2009-10

Annexure-III **(Rs.in crore)**

	Lignite Mining		Power Generation		Inter-segment adjustment		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE								
External Sales	307.89	246.89	3813.14	2578.22			4121.03	2825.11
Adj. for earlier year sales	0.00	0.00	0.00	529.80			0.00	529.80
Inter-segment sales	2757.42	2462.03	190.36	166.62	2947.78	2628.65		
Total revenue	3065.31	2708.92	4003.50	3274.64	2947.78	2628.65	4121.03	3354.91
RESULT								
Segment Result	891.94	493.67	388.65	59.97			1280.59	553.64
Other Income							78.67	67.45
Un-allocated corporate expenses							238.90	154.56
Operating Profit							1120.36	466.53
Interest Expense							33.58	8.15
Interest Income							514.91	595.34
Income taxes							357.40	224.92
Profit from ordinary activities							1244.29	828.80
Prior-period/Income/ Expenditure (Net)							3.17	-7.71
Net Profit							1247.46	821.09
OTHER INFORMATION								
Segment assets	2821.58	2432.31	3320.03	2551.16			6141.61	4983.47
Un-allocated corporate assets (Including Capital Work-in Progress)							12305.44	12237.96
Total assets							18447.05	17221.43
Segment liabilities	1306.74	922.16	485.16	386.66			1791.90	1308.82
Un-allocated corporate liabilities							6297.48	6432.38
Total liabilities							8089.38	7741.20
Capital expenditure	336.16	219.88	-19.91	63.56			316.25	283.44
Depreciation	184.07	322.15	57.55	92.48			241.62	414.63
Non-cash expenses other than depreciation	3.85	0.45	4.93	0.25			8.78	0.70

Note: 1. Since the business operation is within India the secondary disclosure does not arise

2. The inter-segment transfers are priced on cost plus profit basis.

3. Allocation of
   i. storage charges on the basis of material drawal;
   ii. common charges and social overhead on the basis of salaries & wages,
   iii sales organisation expenses on the basis of actual sales and
   iv service centres assets & liabilities are apportioned among the segments on the basis of the service rendered.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs.in crore)

	For the year ended 31st March 2010		For the year ended 31st March 2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax,Extra-ordinary Items & P.P.T		1601.69		1053.72
Adjustments for :				
Less:				
Profit on Disposal of Asset	3.49		1.97	
Interest Income	515.36		597.34	
	518.85		599.31	
Add: Depreciation	253.89		424.50	
Advance OB removal charge off	6.91		0.00	
Other non cash charges	17.53		232.55	
Interest charged to P&L A/c	33.58		8.15	
	311.91	-206.94	665.20	65.89
Operating Profit before working capital changes		1394.75		1119.61
Adjustments for trade and other receivables :				
Sundry Debtors		-826.06		-562.40
Loans & Advances		-57.56		-38.00
Inventories &other current assets		29.19		-88.39
Trade payables		375.92		582.34
Cash flow generated from operations		916.24		1013.16
Direct taxes paid		-431.40		-418.68
Cash flow before extra-ordinary Items & P.P.T		484.84		594.48
Extra-ordinary items		0.00		0.00
Prior period transactions		5.06		-8.71
Capital grants received		0.00		2.72
Capital grants utilised		-2.17		-1.07
Net Cash from operating activities		487.73		587.42
B.CASH-FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets/ Preliminary expenses		-1047.47		-1542.04
Sale of fixed assets/projects				
From continuing operations		4.93		5.52
Sale/Purchase of investments		103.20		103.20
Interest received		540.26		567.45
Net cash used in investing activities		-399.08		-865.87
C.CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Borrowings (Net)		138.93		1444.52
Issue of Shares		22.00		10.35
Interest paid		-317.10		-222.86
Dividend (including Dividend Tax)		-588.20		-196.27
Net cash used/received in financing activities		-744.37		1035.74
Net increase,decrease(-) Cash and Cash equivalents		-655.72		757.29
Cash and cash equivalents as at the beginning of the year		5482.33		4725.04
Cash and cash equivalents as at the end of the year		4826.61		5482.33

Note : (-) Indicates cash outflow

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY

K. SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : Chennai

Date : 27.05.2010

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No .0859S

N.VENKATRAMANI
Partner
M.No.215145

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

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2010

SOCIAL OVERHEAD ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in crore)

Description	Township		Library		Transport		Education		Sports & Cultural Activities		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Expenses :												
Consumption of Materials Stores & Spares	6.69	7.09	0.00	0.00	2.37	2.67	0.09	0.01	0.00	0.01	9.15	9.78
Power	20.45	18.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.45	18.74
Employees' Remuneration and Benefits :												
Salaries, Wages, Bonus and Incentives	81.70	51.18	1.22	0.73	12.17	8.41	11.81	9.41	0.00	0.00	106.90	69.73
Contribution to Provident and other Funds	3.35	2.28	0.09	0.07	0.87	0.75	0.29	0.25	0.00	0.00	4.60	3.35
Gratuity	5.49	19.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.49	19.41
Welfare expenses	3.61	2.38	0.02	0.02	0.26	0.26	0.22	0.35	0.00	0.01	4.11	3.02
Rent, Rates & Taxes	0.63	0.48	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.64	0.49
Repairs & Maintenance												
Buildings	8.75	4.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.75	4.76
Others	14.31	7.17	0.00	0.00	0.35	0.48	0.02	0.01	0.02	0.00	14.70	7.66
Depreciation	3.85	3.85	0.00	0.00	0.15	0.16	0.01	0.01	0.01	0.01	4.02	4.03
Travelling Expenses	2.05	3.80	0.05	0.10	0.60	1.22	0.48	1.00	0.01	0.01	3.19	6.13
Miscellaneous	6.15	4.22	0.13	0.08	0.10	0.11	0.23	0.16	0.07	0.07	6.68	4.64
Total	**157.03**	**125.36**	**1.51**	**1.00**	**16.87**	**14.06**	**13.16**	**11.21**	**0.11**	**0.11**	**188.68**	**151.74**
Receipts :												
Recoveries												
Rent	8.00	7.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00	7.50
Electricity Charges	6.71	6.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.71	6.53
Water Charges	0.43	0.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.43	0.72
Grant-in-aid	0.00	0.00	0.00	0.00	0.00	0.00	7.35	5.80	0.00	0.00	7.35	5.80
Bus Receipts	0.00	0.00	0.00	0.00	1.27	1.54	0.00	0.00	0.00	0.00	1.27	1.54
Misc. Receipts	1.49	1.52	0.02	0.02	0.00	0.00	0.01	0.01	0.00	0.00	1.52	1.55
Total	**16.63**	**16.27**	**0.02**	**0.02**	**1.27**	**1.54**	**7.36**	**5.81**	**0.00**	**0.00**	**25.28**	**23.64**
Net Expenditure	**140.40**	**109.09**	**1.49**	**0.98**	**15.60**	**12.52**	**5.80**	**5.40**	**0.11**	**0.11**	**163.40**	**128.10**

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