



CHAIRMAN-CUM-MANAGING DIRECTOR

Shri. A.R. Ansari

DIRECTORS

Shri. Alok Perti
Dr. N.Sundaradevan
Shri. B. Surender Mohan
Shri. R. Kandasamy
Shri. K. Sekar
Shri. J. Mahilselvan
Shri. Sarat Kumar Acharya
Dr. Sanjay Govind Dhande
Shri. S.K. Roongta
Shri. L.N. Vijayaraghavan
Shri. A.P.V.N. Sarma
Shri. M.B.N. Rao
Shri. M.M. Sharma
Shri. V. Murali
Shri. R.K. Mishra

COMPANY SECRETARY

Shri. K. Viswanath

STATUTORY AUDITORS

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.

BRANCH AUDITORS

Mundhra Rathi & Associates,
C/o.Kishan Chand Ladhu Ram,
Main Bazaar,
Sridungar Garh - 331 803.

COST AUDITOR

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENT

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

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BOARD OF DIRECTORS



A.R. Ansari
Chairman-cum-Managing Director



Alok Perti
Director



Dr. N. Sundaradevan
Director



B. Surender Mohan
Director (Mines)



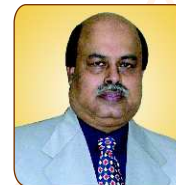
R. Kandasamy
Director (Plng.&Proj.)



K. Sekar
Director (Finance)



J. Mahiselvan
Director (Power)



Sarat Kumar Acharya
Director (Human Resource)



Dr. Sanjay Govind Dhande
Director



S.K. Roongta
Director



L.N. Vijayaraghavan
Director



A.P.V.N. Sarma
Director



M.B.N. Rao
Director



M.M. Sharma
Director



V. Murali
Director



R.K. Mishra
Director



SENIOR MANAGEMENT



K.S. Balasubramanian
Chief Vigilance Officer



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



S. Ramalingam
Executive Director (Mines)



S. Rajagopal
CEO (NTPL)



K. John Simon
CGM (GWC & Services)



C. Senthamilselvan
CGM (TA)



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



S. Rajagopal
CGM (MM)



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



K. Alagar
CGM (Mine-IA)



M.S. Ravindranath
CGM (Barsingsar Project)



K. Veeraprasad
CGM (Mine-I)



Dr. P.T. Shanmugasundaram
CGS (Medical)



J. George Jacob
CGM (IE Wing)



K. Kanagarajan
CGM (TPS-I & Expn.)



R. Seetharaman
CGM (Finance)

10 Years Performance at a glance - Financial

(Rs.in crore)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
INCOME STATEMENT										
Sales	3949.08	4121.02	3354.91	2981.65	2108.11	2201.41	3001.94	2806.09	2681.48	2236.95
Other Income	976.99	569.22	720.79	611.45	635.66	498.18	664.87	642.39	461.47	195.21
TOTAL INCOME	4926.07	4690.24	4075.70	3593.10	2743.77	2699.59	3666.81	3448.48	3142.95	2432.16
Earning before Int., Deprn. & Tax	2259.98	1889.16	1486.37	1887.24	1360.39	1265.10	2346.01	1972.51	1957.42	1445.70
Depreciation	412.87	253.89	424.50	454.49	447.34	349.45	516.30	499.78	259.85	260.93
Interest	159.07	33.58	8.15	8.80	43.28	54.28	66.09	69.01	3.92	3.77
Profit for the year	1688.04	1601.69	1053.72	1423.95	869.77	861.37	1763.62	1403.72	1693.65	1181.00
Prior Period Adjustments(Net)	-3.49	3.17	-7.71	-2.66	4.89	16.25	-9.06	9.36	2.66	17.53
Extra-ordinary Income	0.00	0.00	0.00	0.00	0.00	109.77	2.12	0.00	-8.48	0.00
Profit before tax	1684.55	1604.86	1046.01	1421.29	874.66	987.39	1756.68	1413.08	1687.83	1198.53
Provision for tax	386.22	357.40	224.92	319.72	307.88	285.04	541.68	269.57	539.43	379.33
Net Profit/(Loss) PAT	1298.33	1247.46	821.09	1101.57	566.78	702.35	1215.00	1143.51	1148.40	819.20
Dividend	385.87	335.54	335.54	335.54	201.33	335.54	335.54	234.88	234.88	226.49
Dividend tax	62.60	56.37	57.03	57.02	34.22	47.06	46.70	30.09	30.09	0.00
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	9496.82	8646.96	7791.52	7362.57	6652.80	6321.08	6001.47	5168.85	4290.46	3407.18
Networth	11121.40	10225.60	9412.78	9008.79	8309.29	7990.38	7673.06	6824.25	5947.55	5061.98
Loans Outstanding	4004.04	4077.36	4057.70	2790.68	1505.70	1286.71	1229.69	1295.70	1386.78	1266.31
Net Fixed Assets	4990.15	5088.20	3272.39	3536.23	3809.20	4023.12	4254.36	4530.24	4117.27	1445.25
Investments	964.75	1044.94	811.37	826.22	929.41	2591.42	2590.77	2590.77	595.00	498.00
Net Current Assets	5666.10	5033.74	5219.86	4548.49	4574.84	3041.78	2513.41	1512.76	2308.15	1703.37
Capital Employed (operating)	11621.00	11166.88	9303.62	8910.94	9313.45	9656.32	9358.54	8633.77	7020.42	3646.62
RATIOS										
Operating Margin(OPM)(%)	32.49	32.03	22.82	42.79	34.38	34.84	56.00	47.40	55.79	55.90
Return on Capital Employed (ROCE)(%)	11.17	11.17	8.83	12.36	6.09	7.27	12.98	13.24	16.36	22.46
Return on Networth (RONW)(%)	11.67	12.20	8.72	12.23	6.82	8.79	15.83	16.76	19.31	16.18
Debt Equity (%)	36.00	39.87	43.11	30.98	18.12	16.10	16.03	18.99	23.32	25.02
Current Ratio	3.04	2.56	2.65	3.21	3.27	5.01	3.89	2.43	3.47	3.21
Quick Ratio	2.85	2.39	2.46	2.96	2.99	4.51	3.50	2.15	3.11	2.72
VALUE ADDED PER EMPLOYEE (in Rs.)	1743743	1844515	1218369	1276836	1090907	1036468	1348250	1253704	1156768	952534
BOOK VALUE PER SHARE (in Rs.)	66.29	60.95	56.10	53.70	49.53	47.63	45.74	40.68	35.45	30.17
EARNING PER SHARE (in Rs.)	7.74	7.44	4.89	6.01	3.88	4.27	7.64	6.52	6.83	4.78
DIVIDEND (%)	23.00	20.00	20.00	20.00	12.00	20.00	20.00	14.00	14.00	13.50



10 Years Performance at a glance - Physical

PARTICULARS	UNIT	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-2005	2003-2004	2002-03	2001-02
Production											
Lignite											
Mine-I	L.T	83.05	91.59	90.40	87.82	105.48	102.72	105.28	103.91	80.20	76.59
Mine-IA	L.T	27.19	27.11	30.56	33.27	38.04	37.35	32.11	14.61	0.03	0.00
Mine-II	L.T	117.11	104.43	91.09	94.37	66.62	64.28	78.28	87.05	106.01	107.10
Barsingsar Mine	L.T	4.09	0.25	1.02	0.40	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	L.T	231.44	223.38	213.07	215.86	210.14	204.35	215.67	205.57	186.24	183.69
Power											
T.P.S.-I	- Gross M.U	3878.65	4114.44	3577.49	3671.54	3981.53	3990.17	4259.15	4401.64	4378.67	4182.36
	- Net M.U	3400.54	3630.13	3141.03	3235.03	3521.64	3540.30	3772.90	3895.90	3871.97	3695.10
T.P.S.-I Expn.	- Gross M.U	2997.04	2979.43	3126.05	3267.66	3264.96	3081.81	3237.96	1983.25	86.87	0.00
	- Net M.U	2743.44	2720.12	2858.42	2994.06	2988.50	2802.11	2944.82	1877.09	86.19	0.00
T.P.S.II	- Gross M.U	10739.78	10559.69	9064.44	10517.69	8540.09	9170.44	9249.27	10004.08	10504.41	10268.96
	- Net M.U	9701.51	9549.99	8172.14	9486.88	7719.76	8279.10	8344.53	9051.57	9489.35	9302.83
Barsingsar T.P.S.	- Gross M.U	265.61	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	- Net M.U	193.45	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	- Gross M.U	17881.08	17656.04	15767.98	17456.89	15786.58	16242.42	16746.38	16388.97	14969.95	14451.32
	- Net M.U	16038.94	15902.72	14171.59	15715.97	14229.90	14621.51	15062.25	14824.56	13447.51	12997.93
Urea	L.T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62
Leco	L.T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
Sales											
Lignite	L.T	21.68	21.69	21.35	22.94	20.68	16.62	16.50	17.63	8.42	5.56
Power	M.U	14971.26	14828.22	13204.05	14775.84	13330.80	13747.90	14162.11	13918.76	12605.80	12152.81
Urea	L.T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.21	0.58
Leco	L.T	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17

LT - Lakh Tonnes

MU - Million Units





DIRECTORS' REPORT FOR THE YEAR 2010-11

To
The Members,
Neyveli Lignite Corporation Limited

Your Directors have great pleasure in presenting the 55th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011. It is indeed a pleasure to inform the Members that your Company has been granted 'Navratna' status by the Government of India in April 2011. Only select PSUs fulfilling the eligibility criteria are granted the status of 'Navratna' and such Companies have enhanced autonomy and higher delegation of powers as per guidelines prescribed by the Government of India from time to time.

Physical Performance

Your Company has completed yet another successful year and once again surpassed its own past records in overburden removal, lignite production, generation and export of power.

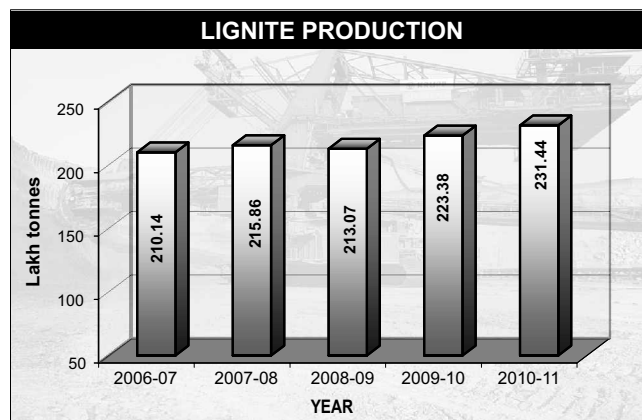
Both lignite mines and linked power stations of your Company achieved the highest performance during the year 2010-11, ever since inception and the highlights of the same are as under:

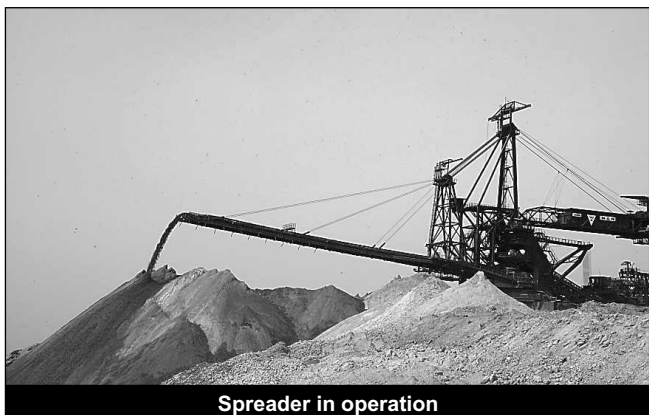
- ❖ Overburden removal of 1633.45 LM³ from all Mines of the Company put together.
- ❖ Total Lignite production of 231.44 LT from all Mines of the Company.
- ❖ Power generation of 17881.08 MU (gross) and power export of 14971.26 MU from all Power Stations of the Company.
- ❖ Overburden removal of 802.55 LM³ and Lignite production of 117.11 LT from Mine-II.
- ❖ Power generation of 10739.78 MU (gross) and the export of power at 8945.24 MU from Thermal Power Station-II.

Segment-wise Performance

Mines

During the year 2010-11, the overburden removal from all Mines put together was 1633.45 LM³ against 1594.25 LM³ achieved for the previous year ended 31st March, 2010, recording a growth of 2.46% over the previous year. The total Lignite production for the year 2010-11 was 231.44 LT against 223.38 LT achieved for the year 2009-10, registering a growth of 3.61%. The detailed Mine-wise production is as under:





Spreader in operation

Mine-I (including expansion) - 10.5 MTPA

The overburden removal during the year 2010-11 was 523.08 LM³ (previous year 508.52 LM³), registering a growth of 2.86%. The Lignite production during the year was 83.05 LT (previous year 91.59 LT). One of the main reasons for lower lignite production as compared to previous year was on account of lignite seam washout encountered in Mine-I area and reduction in lignite seam thickness. Lignite seam washout is the phenomenon

wherein the lignite seams get eroded by paleo channels during or soon after the formation of the lignite. Mine-I with initial capacity of 6.5 MTPA based on the lignite reserves was planned to meet the lignite requirement of TPS-I of 600 MW. The TPS-I units were originally planned to be closed between 2009 and 2014 in a phased manner. But as per the request of the Government of Tamil Nadu, in view of the power shortage in the State, it was decided to operate till commissioning of replacement units or shut down earlier depending upon the Residual Life Assessment studies.

As a replacement for the old TPS-I of 600 MW which is linked to Mine-I, a new TPS of 2x500 MW capacity has been sanctioned by the Government of India in June 2011. The fuel linkage for this higher capacity TPS will be met out by restructuring the existing Mine-I and Mine-IA by adding contiguous lignite blocks so as to have an aggregate mining capacity of 15.0 MTPA.

Mine-IA - 3.0 MTPA

The overburden removal during the year 2010-11 was 211.91 LM³ (previous year 201.86 LM³), registering a growth of 4.98%. The Lignite production during the year was 27.19 LT (previous year 27.11 LT).

Mine-II (including expansion) - 15.0 MTPA

With the completion of Mine-II Expn., (4.5 MTPA) project during March 2010, the capacity of Mine-II has increased from 10.5 MTPA to 15.0 MTPA. The overburden removal during this period was 802.55 LM³ (previous year 782.63 LM³), registering a growth of 2.55%. The Lignite production during the year under review was 117.11 LT (previous year 104.43 LT), registering a growth of 12.14%. However, the added capacity could not be exploited fully because of non-commissioning of the linked power plant, viz., TPS-II Expn., (2x250 MW). Mine-II recorded the highest ever performance since inception in overburden removal and lignite production during the year 2010-11.

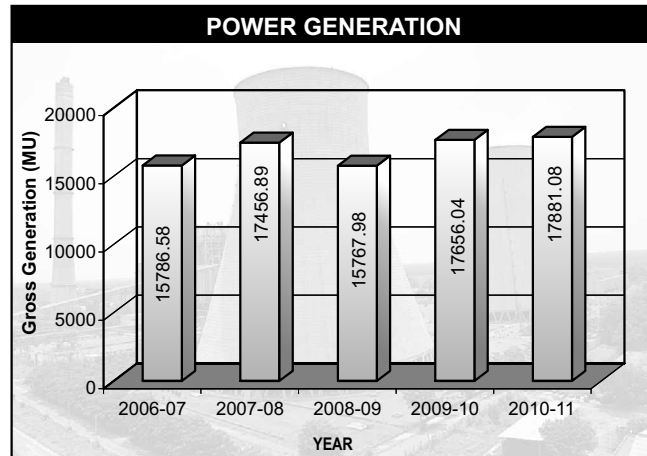
Barsingsar Mine - 2.1 MTPA

During the year 2010-11, the overburden removal was 95.91 LM³ (previous year 101.24 LM³). Overburden removal during the year was restricted due to adequate extent of lignite which has already been kept exposed. Lignite production during the year was 4.09 LT (previous year 0.25 LT). The lignite production was restricted to match the requirement of the linked power station.



Power

The power generation during the year 2010-11 from all power plants of the Company put-together 17881.08 MU (gross) against 17656.04 MU (gross) generated during the previous year ended 31st March, 2010. The total power export during the year under review from all power stations of the Company was 14971.26 MU compared to 14828.22 MU in the previous year 2009-10.



Thermal Power Station-I (600 MW)

The power generation during the year under review from this plant was 3878.65 MU (previous year 4114.44 MU) achieving a PLF of 73.80% (previous year 78.28%) and the export during this period was 3088.83 MU (previous year 3300.45 MU). As stated earlier the lower lignite production



TPS-I Cooling Tower

in the linked Mine-I on account of lignite seam washout, affected the power generation of this plant. As Members may be aware, TPS-I is the oldest power plant serving for more than 40 years and hence the performance of the Units get impeded due to ageing. Further, continuous monsoon rains lead to slushy conditions of lignite which also bring down the performance of power stations to a certain extent. As reported in the earlier year report, Residual Life Assessment study is being carried out in all the units, in a phased manner, to assess their worthiness for continuing with the operation.

Thermal Power Station-I Expansion (420 MW)

The power generation from TPS-I Expansion was 2997.04 MU during the year 2010-11 (previous year 2979.43 MU), achieving a PLF of 81.42% (previous year 80.98%) and 2743.44 MU (previous year 2720.12 MU) was exported during the year under review.

Thermal Power Station-II (1470 MW)

The power generation during the year 2010-11 was 10739.78 MU (previous year 10559.69 MU), achieving a PLF of 83.40% (previous year 82.01%) and 8945.54 MU (previous year 8805.17 MU) of power was exported to the Southern Grid in the year 2010-11. Power generation (gross) and export of power from this station during the year 2010-11 were the highest in any year since inception.



Barsingsar Thermal Power Station (2x125 MW)

During the year 2010-11, for the first year after synchronisation, both the units in aggregate have generated 265.61 MU and the total export was 193.45 MU. Execution of this project is delayed due to initial delay in supply and erection activities by BHEL, the contractor for the Main Plant Package. This plant is yet to commence commercial operation owing to certain teething problems. In order to stabilise the operation of both the units so as to run at the designated load, necessary actions are being taken through close monitoring and follow-up with BHEL.



Productivity

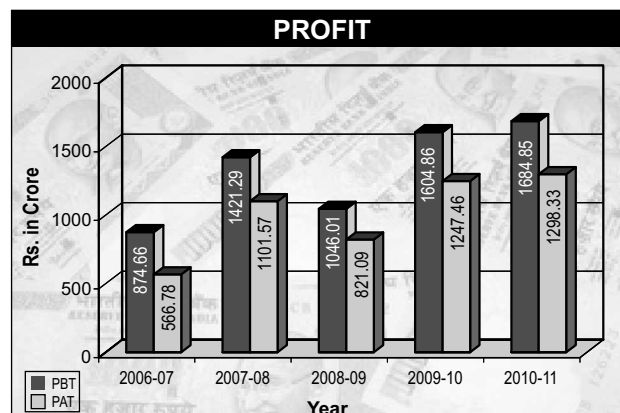
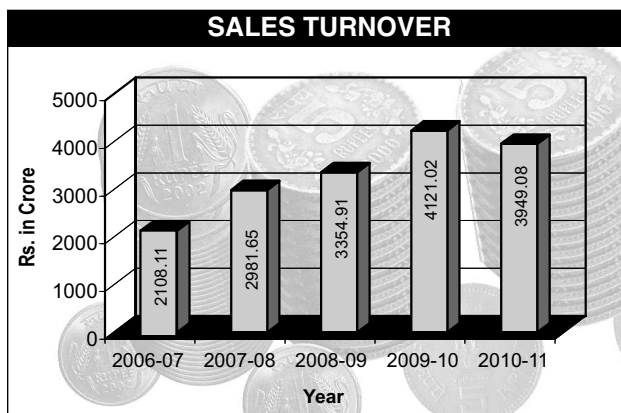
The output per man shift during the year 2010-11 as compared with the previous year is given below:

Product	Unit	2010-11	2009-10
Lignite	Tonne	11.00	10.70
Power	Kw/hr	17778	17380

Financial Performance

During the year under review, your Company has registered a sales turnover of Rs.3949.08 crore compared to Rs.4121.02 crore in the previous year 2009-10. The Profit Before Tax for the year under review was Rs.1684.55 crore (previous year Rs.1604.86 crore) while the Profit After Tax was Rs.1298.33 crore (previous year Rs. 1247.46 crore).

The reduction in the sales turnover during the year 2010-11 as compared to previous year 2009-10 was due to adjustment of mine closure cost pertaining to earlier years since 01.04.2004, amounting to Rs.340.72 crore, in the sales income of 2010-11. The Mine Closure cost at higher rates was hitherto recovered from beneficiaries as part of tariff approved by CERC in terms of the guideline prescribed by Ministry of Coal (MOC) earlier. Consequent to the receipt of approval of Mine Closure Plan by MOC in April 2011, the Mine Closure cost has been revised downward w.e.f.01.04.2004. Since the tariff charged to the beneficiaries included Mine Closure cost at higher rates from 01.04.2004, necessary adjustments were made in the sales income for the year 2010-11. In view of the reduction in the Mine Closure cost for the above period as stated the excess liability created in the earlier years amounting to Rs.382.45 crore has been withdrawn and included in the other income.



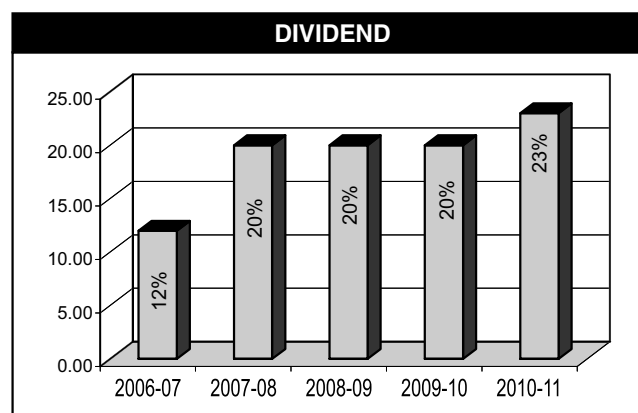
The details of profit earned for the financial year ended 31st March, 2011 and appropriation of the same in comparison with the previous year ended 31st March, 2010 are as under:

(Rs. in crore)

	2010-11	2009-10
Profit before tax	1684.55	1604.86
Tax provision	386.22	357.40
Profit after tax	1298.33	1247.46
Appropriation :		
Transfer to		
Bond Redemption Fund Reserve	15.00	15.00
Interest Differential Fund Reserve	15.25	12.50
General Reserve	130.00	100.00
Interim Dividend paid	0.00	167.77
Tax on Interim Dividend paid	0.00	28.51
Proposed Dividend	385.87	167.77
Tax on proposed Dividend	62.60	27.86

Dividend

The Board of Directors of your Company has recommended a dividend of 23% (Rs.2.30 per share) for the year 2010-11 (previous year 20%). The total outgo on account of the dividend including distribution tax will be Rs. 448.47 crore (previous year Rs. 391.91 crore), which works out to 34.54% on Profit After Tax (PAT) for the year 2010-11.





Projects under Construction

Thermal Power Station-II Expansion (2x250 MW)

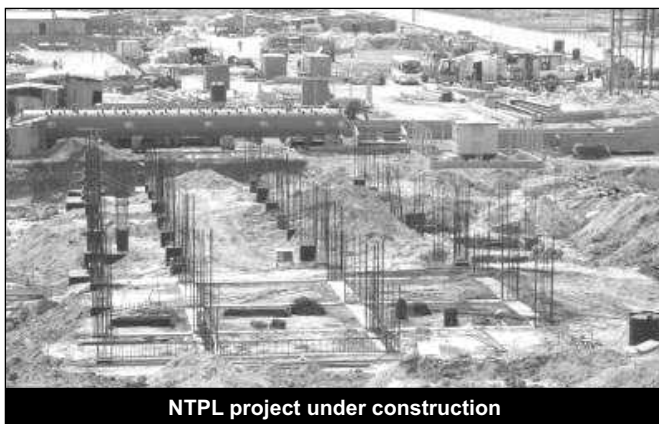
Thermal Power Station-II Expansion project (500 MW) is under implementation by your Company at a revised cost of Rs.2453.57 crore. Unit-I has been synchronised with lignite firing on 27.06.2011. Commercial operation of Unit-I is anticipated in due course. As regards Unit-II, hydro test of boiler has been completed and the refractory works are in progress. It is anticipated that Unit-II would be commissioned at the earliest. The delay in the execution of works by BHEL, the contractor for the Main Plant Package has been regularly addressed at various levels. Cumulative expenditure incurred upto 31st March, 2011 is Rs.2154.25 crore.



Joint Venture Projects

NLC Tamilnadu Power Limited

Your Company is presently implementing coal based thermal power project of 1000 MW capacity at Tuticorin, at an estimated cost of Rs.4909.54 crore. This project is being implemented through the Subsidiary Company, NLC Tamilnadu Power Limited, in joint venture with Tamil Nadu Electricity Board. Fuel linkage for the project is being tied-up with Mahanadi Coalfields Limited. Contracts for all major packages have been awarded and civil works



NTPL project under construction

and erection works are in progress. Tendering activities for Shore Un-loaders and Coal Washery & Logistics and other peripheral packages are under various stages of process. There was some delay in execution of this project during early stages. However, the project execution is being monitored closely to avoid any further delay. The cumulative expenditure incurred upto 31st March, 2011 is Rs. 1609.59 crore.



MNH Shakti Limited

Mahanadi Coalfields Limited (MCL) the majority stakeholder is piloting the mining project to be established with a capacity of 20.0 MTPA at Talabira in the State of Orissa. Your Company and Hindalco are the other stakeholders, holding 15% each in the equity. The coal mined out of this project will be shared in the same ratio as the equity.

Project Funding

As reported last year, for funding Mine-II Expansion linked to TPS-II Expansion and Barsingsar Mine-cum-Power Project, your Company has tied-up rupee term loans for Rs.2500 crore and Rs.1250 crore, through a consortium of domestic banks with Canara Bank as the consortium leader and for EURO 50 million foreign currency loan under External Commercial Borrowing (ECB) route, syndicated by Credit Agricole Corporate & Investment Bank. Your Company has also met part of the debt requirement for the above projects through the issue of Secured Redeemable Non-convertible Bonds for an aggregate amount of Rs.600 crore through private placement in the year 2009.

New Projects

During the year 2006, the Central Government notified the Tariff Policy under Section 3 of the Electricity Act, 2003. As per the provisions of this Tariff Policy, even for the Public Sector Projects, tariff of all new generation is to be decided on the basis of competitive bidding after a period of five years or when the Regulatory Commission is satisfied that the situation is ripe to introduce such competition. Accordingly as per the present policy of the Government of India, the States are to fully migrate to procurement of power by DISCOMs through tariff based competitive bidding only. However, the Ministry of Power has recently clarified that the above policy of procuring power through competitive bidding will not be applicable for (a) expansion of already commissioned projects and (b) projects for which Power Purchase Agreement (PPA) have been signed on or before 5th January, 2011.

Considering that setting up of lignite based power plants do not have level playing field with that of coal and face constraints in competing with coal based power plants, your Company has addressed this issue to Ministry of Coal for obtaining exemption from the competitive bidding process in respect of lignite based power projects on the following grounds :

- ◆ Lignite blocks have high stripping ratio compared to that of coal blocks resulting in higher excavation cost.
- ◆ Lignite reserves are deep seated being more than 160 metre below requiring to adopt new mining technology which may increase the mining cost further.
- ◆ Lignite is of inferior quality with lesser calorific value as compared to coal leading to higher fuel consumption and lesser efficiency of lignite fired boilers.
- ◆ Capital cost of lignite based boiler is more.



However, in order to have the advantage of guaranteed off -take of the entire power produced from the new projects proposed, your Company has signed PPA with beneficiaries of various States as stated hereunder:

- a. Beneficiaries of all Southern States for the power from the Neyveli New Thermal Power Project (2x500MW) in Neyveli.
- b. Beneficiaries of all Southern States for the power from 2000 MW Coastal "Sirkali Thermal Power Project in phase-I".
- c. Beneficiaries of State of Rajasthan for the power from Bithnok Thermal Power Project (250 MW) and Barsingsar Extension Power Project (250 MW).
- d. Uttar Pradesh Power Corporation Limited for the Joint Venture Power Project of 2000 MW capacity in Uttar Pradesh.

Your Company is actively pursuing the above projects and the present status is as under :

Thermal Power Project (2x500MW), Neyveli, Tamil Nadu

This project with a capacity of 1000 MW will be replacing the existing TPS-I of 600 MW capacity at Neyveli. The estimated cost of the project is Rs.5907.11 crore. The Government of India has sanctioned this project in June 2011. Tenders for major packages have been floated and the project is scheduled to be commissioned by December 2015. As stated earlier the fuel requirement for this plant will be met after re-structuring the existing Mine-I and Mine-IA by adding contiguous lignite blocks.

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

The above Thermal Power Plant of 250 MW capacity with a linked mine of 2.25 MTPA capacity is proposed at an aggregate estimated cost of Rs.2298.83 crore. The total land requirement for Bithnok Mine and Power Plant is 2883 Hectares. Notification has been issued by Government of Rajasthan (GOR) for acquisition of private land for the project. Obtaining of mining lease from GOR is in process. The final project proposal pertaining to this project will be considered by your Board of Directors in due course.

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

The above power plant will be an extension to the existing power project at Barsingsar and the fuel for this project will be through the linked mine utilising the lignite deposits in Hadla and Palana blocks. The aggregate estimated cost of the project is Rs.2041.78 crore. The Board of Directors of your Company has approved the Feasibility Report (FR) for Thermal and Hadla mine. Preparation of FR for Palana mine is in progress. The final project proposals will be considered by the Board in due course.



Coastal Sirkali Thermal Power Project (4000 MW), Tamil Nadu

'In-principle' approval has been accorded by the Board of Directors of your Company for setting up the above power project at Sirkali in the coastal district of Nagapattinam in the State of Tamil Nadu. The said project has been proposed to be implemented in two phases of 2000 MW each, at an estimated cost of around Rs.20000 crore, using coal as the main fuel. Government of Tamil Nadu has been approached for according administrative sanction to acquire required lands. Preliminary project activities are in process.

Coal based Power Project in Uttar Pradesh

Your Company has entered into an MOU with Uttar Pradesh Rajya Vidyut Utpadam Nigam Limited (UPRVUNL) for formation of a Joint Venture Company with equity participation of NLC and UPRVUNL in the ratio of 51:49 to set up a 2000 MW coal based thermal power project in Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh, at an estimated cost of Rs.10000 crore. In-principle approval for land and water has been received from the Government of Uttar Pradesh. Preparation of Feasibility Report and EIA/EMP report are in progress. IIT Kanpur is conducting topographical survey of the proposed site.

Other Projects

As Members may be aware, your Company had plans to set up lignite based mine-cum-power projects at Neyveli (Mine-III & TPS-III) & Jayamkondam, both in Tamil Nadu and Valia in Gujarat and also a coal based power project at IB-valley, Orissa. For all these projects, advance action plan was approved by Ministry of Coal. As discussed in this report earlier, consequent to the change in the policy of power procurement by States through competitive based tariff route, the above envisaged lignite based power projects may not be possible to be pursued unless exemption as sought by the Company is granted from the applicability of competitive based tariff bidding. In view of the above, it has been decided by the Board of your Company to keep in abeyance the above lignite mine-cum-power projects and not to pursue the coal based power project in Orissa.

New initiatives

Devangudi Mine Project

As reported last year, your Company proposes to develop the Devangudi lignite block situated about 18 Km. from the Neyveli region at an estimated cost of Rs. 358 crore. This block has a mining area of 8.2 Sq.Km. and a mineable lignite reserve of 42.5 MT. This Mine with a capacity of 2.0 MTPA will be developed to supply lignite to the cement, paper, brick and other small industries in the neighbourhood area. Preparation of Feasibility Report is in process.



Energy from other resources

Your Company, as a part of diversification, would also consider to tap other forms of energy viz., wind and solar subject to feasibility.

Competitive tariff based Power Projects

As discussed earlier, with the introduction of tariff based bidding for new power projects, your Company intends to participate in such competitive bidding processes for new projects, including Ultra Mega Power Projects, as and when notified by the Government/beneficiaries, after evaluating all aspects.

Development of Coal Blocks

In order to meet the fuel requirement for the proposed 4000 MW power project, in two phases, at Sirkali and also for the balance fuel requirement for Tuticorin Power project implemented through the Subsidiary Company, your Company proposes to enter into an arrangement with Coal India Limited for its coal requirements and further is also exploring to acquire/ develop coal blocks.

Power Tariff

The Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998 is the statutory body functioning under the Electricity Act, 2003 and has the responsibility to regulate the tariff of generating Companies owned or controlled by the Central Government and Generators selling electricity in more than one State. Accordingly, the terms and conditions of tariff regulations for the period 2009-14 was notified by CERC and tariff order in respect of TPS-I Expn., and TPS-II have been issued by CERC for the period 2009-14. In respect of TPS-I, hearing before CERC has been completed and the tariff order is awaited. For Barsingsar Power Plant as per the direction of CERC a revised petition will be filed before CERC for issue of tariff order and in case of TPS-II Expn., necessary petition will be filed in due course.

Human Resource

The concept of employees being treated as valued resources has assumed centre stage in modern Management over the years and the focus has been on attracting, nurturing, developing and retaining this valued resource for the success of any organisation. In tune with the changing approach and in line with the progressive Management practices in India and abroad, the traditional approach of Personnel Management has given way to Human Resource Management. Your Company is on the growth path with ambitious plans to spread its wings of business all over India. With the changing business scenario and Company's progress, it is appropriate that the focus on Human Resource Development should take centre stage and accordingly your Company gives utmost priority for development of human resource.



The total manpower of your Company as on 31.03.2011 was 18,041 including 4,135 Executives. To infuse young blood, 52 Graduate Executive Trainees were selected during the year through campus interviews from IIT/ IIM/NIT.

Employee Development

In-house Training Programmes numbering 324 were conducted covering 6,529 employees during this year, among them 2,790 were Executives and 3,739 were Non-executives. Out of the total employees trained, 1,393 employees belonged to SC category and 164 employees belonged to ST category.

Industrial Relation

Industrial Relation scenario was generally cordial during the year excepting certain disturbances during the settlement of wage revision for workmen and non-executives.

Your Company has a regular system of holding bi-partite meetings with the recognised unions regarding the issues of common interest of all employees.

During the year 2010-11, settlement was arrived at with the recognised unions on wage revision effective from 01.01.2007 and other related matters.

Implementation of Official Language Policy

As was done in the previous years, your Company organised “Hindi Fortnight” and Hindi Workshops as per the guideline issued by Government to create awareness among employees and also promote usage of Hindi in their official communication.

Reservation of Posts

Your Company has been following the rules of the Government with regard to reservation for SC and ST and the details of Group-wise Men-in-Position as on 31.03.2011 is as under:

Group	Total Strength	Strength of SC/ST			% SC/ST		
		SC	ST	Total SC/ST	SC	ST	Total SC/ST
A	3,780	757	163	920	20.03	4.31	24.34
B	355	92	12	104	25.92	3.38	29.30
C	11,861	2,500	119	2,619	21.08	1.00	22.08
D	2,045	439	11	450	21.47	0.54	22.00
TOTAL	18,041	3,788	305	4,093	21.00	1.69	22.69



Environmental Measures

Your Company is continuing its significant contribution in environmental protection and in maintaining ecological balance. Around 18 million trees have been planted in and around Neyveli Township and production units which helps in maintaining clean environment, dust suppression, noise control, lowering the atmospheric temperature and maintaining ecological balance.



The back filled areas with sterile soil are reclaimed by adopting different methods and used for agricultural, horticulture crops and development of forestry, pasture land etc. So far, an area of about 1843 hectares of land has been reclaimed besides carrying out afforestation activities in an area of 1583 hectares of land in all the three mines.

Your Company has installed permanent Ambient Air Quality Stations in and around the industrial units, residential colony and peripheral area in Neyveli and the measured values of the pollutants are well within the norms prescribed by the Pollution Control Board.

Safety

Risk Assessment and Safety Audits were conducted for Mines and Thermal Power Stations in regular periodicity by engaging accredited external agency. The recommendations submitted by the external agency are being implemented.

Safety related trainings like refresher course, basic and on the job training etc., are being imparted to all sections of employees. By this extensive imparting of training, there is considerable increase in the level of safety awareness among the employees. Your Company continues to achieve "Excellent" level as per MOU entered into with the Ministry of Coal on safety parameters.

Vigilance

Preventive vigilance is continued to be given thrust by the Vigilance Branch of your Company. Every year Vigilance Branch compiles circulars issued by Central Vigilance Commission (CVC), from time to time, in the form of a compendium which is used as a reference guide. During the year 2010-11, circulars relating to disciplinary action aspects have been compiled and issued for use by the disciplinary authorities and enquiry officers. Vigilance Branch had also brought out a compendium of CVC circulars on Tenders, Purchase/Contracts which would be used to infuse fairness, transparency and accountability in the procurement system.



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 with more than 21,000 self-contained quarters offers ambience of an ideal living environment to its employees. This township extends all facilities to its inhabitants by way of excellent civic services including water supply, public health, electricity, shopping complex, good roads and transport facilities, parks for children and elders etc. For the Barsingsar project also, township with all facilities have been provided.

Medical Services

The hospital care delivery system of your Company involves running a 355 bed care facility at Neyveli to cater to the secondary care needs of nearly 18,000 employees and their dependents, CISF personnel and contract workmen. Ayurvedha Service is also integrated into the hospital care system to meet out the indigenous treatment requirement of patients in the area of ayurvedha, panchakarma and yoga.



Corporate Social Responsibility (CSR)

Your Company has adopted CSR policy in the year 2009-10 for taking up various projects/ activities 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. During the year 2010-11, around Rs.13 crore has been spent towards CSR. Some of the major CSR initiatives under taken during the year 2010-11 are:-



An overhead water tank & borewell constructed under peripheral development scheme

CSR - Peripheral

Right from the inception, your Company has been undertaking peripheral development works in the surrounding villages. This scheme has been streamlined in the year 1998-99 with the constitution of a Peripheral Development Committee under the Chairmanship of the District Collector. The independent annual fund allocation for this scheme was initially Rs.50 lakh



in 1998-99 and increased to Rs.200 lakh from the year 2008-09 onwards. Under this scheme, infrastructure and development works like provision of drinking water by sinking/maintaining the borewells, constructing roads, school buildings, libraries, bridges, developing medical facilities, de-silting of lakes etc., are being carried out. Works for a value of Rs.222.53 lakh have been completed during the year for the benefit of the population in 23 peripheral villages while development works for an agreement value of Rs.198.72 lakh are in progress in 16 peripheral villages. Your Company provides continuous supply of water to nearby villages for irrigating over 23,000 acres of land.

CSR - Community

Your Company is extending all assistance, including grant and infrastructure to Sneha Opportunity Services for running the Sneha Opportunity School, a day-care, education and training centre for special children of Neyveli region.

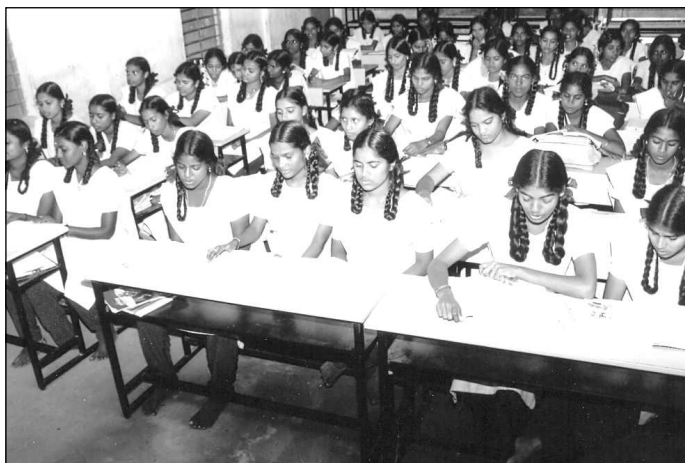
Your Company patronises Neyveli Health Promotion and Social Welfare Society to support its social welfare activities. This society serves by way of providing training and arranging job opportunities for the benefit of differently-abled persons, widows and destitutes. This society also runs a School “Shravanee” for the hearing impaired, a Computer Training Institute and provides artificial limbs, etc. Your Company has been conducting various CSR focused training programmes for the benefit of students, teachers and others of Neyveli region and 12,157 persons have been benefited during the year 2010-11.



Children undergoing training at Sneha School

CSR – Education

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





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.

Your Company is also in the process of establishment of an Industrial Training Institute in Barsingsar village to impart technical skills in various trades to the population around the project site.

CSR – Health Care

Your Company also provides quality medical treatment and occupational health service through its General Hospital to all inhabitants of the Neyveli Township and its surrounding villages. During the year 2010-11, the following initiatives were taken:

- ❖ Contribution to Cancer Institute, Adyar, Chennai towards their ongoing programme for early detection of cervical and breast cancer and anti-tobacco education.
- ❖ Free medical consultation with minimum anti-biotic therapy and vitamins extended to 96,732 out-patients from the rural public. Another 13,640 patients have been given emergency treatment for various causes.
- ❖ Medical treatment identity books issued to the 10,200 eligible contract workmen for availing medical treatment for self and their family members including in-patient treatment, free of cost.
- ❖ Ante-natal HIV screening for 477 women conducted apart from Community Health Screening for diabetes, hypertension and HIV covering 4050 persons from rural population and counseled for behavioural change.
- ❖ Tuberculosis screening/treatment extended to 6,900 patients and leprosy screening/treatment has been extended to 40 patients.
- ❖ Eye camps conducted for prevention of blindness due to cataract and diabetic retinopathy.
- ❖ Rendered family planning services to 208 persons from the rural public and also immunisation services to 1,372 rural children.
- ❖ 9 medical camps were conducted in peripheral villages viz. Semmankuppam, Nandukuzhi, Thenkuthupudunagar, Vanathirayapuram, Uthangal, Matru Kudiruppu, Kammapuram, Kattukoodalur and Periyakurichi which are located within about 15 kilometres radius of Neyveli Township and 2,430 persons of these villages have been health-screened and 175 of them underwent follow-up dental treatment in your Company's General Hospital.



Contribution to the cause of Women

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

Awards & Recognition

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

- ◆ Corporate Social Responsibility Award 2009-10 from Govt. of Tamil Nadu in appreciation of NLC's yeoman service through socio economic welfare activities.
- ◆ 'Florence Nightingale Silver Trophy' from the Tamil Nadu Centre of St.John's Ambulance to NLC Hospital.
- ◆ “National Award for Innovative Training Practices 2009-10”.
- ◆ 'Change Agent and Leadership Award' by World HRD congress for innovative strategies and approaches implemented by the Company.
- ◆ “Best Enterprise Award-2010” at the 21st National Meet of the Forum of Women in Public Sector.

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 areas have been nominated to attend to the queries/appeals received under the RTI Act in a time bound manner. During the year 2010-11, 292 nos. of requests containing more than 1000 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 etc. and the same 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 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 is 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 2010-11, to carry out the cost audit for the three Power Stations of the Company. Ministry of Corporate Affairs has accorded approval for the above appointment vide its letter No.52/67/CAB/2005 dated 18.05.2010.

The Cost Audit Report for the year 2009-10 has been uploaded with the Ministry of Corporate Affairs on 20.09.2010 against the due date of 27.09.2010 duly certified by the Cost Auditor.

Branch Audit

Mundhra Rathi & Associates has been appointed as the Branch Auditors by C & AG for conducting the audit of Mine and Thermal Units at Barsingsar.

Statutory Audit

Ganesan and Company, Chartered Accountants and L.U.Krishnan & Co., Chartered Accountants, were appointed by the Comptroller & Auditor General of India (C&AG), as Joint Statutory Auditors for the year 2010-11 under Section 619 (2) of the Companies Act, 1956. The Board of Directors of the Company has fixed Rs.9.0 lakh plus applicable service tax as the Statutory Audit fees, to be shared equally by the Joint Auditors in addition to reimbursement of out of pocket expenses at actual and Rs.0.75 lakh plus applicable service tax to the Branch Auditor.

Reply to Statutory Auditors' observation on the accounts of the Company for the year ended 31st March, 2011 is furnished in Annexure-5.



C&AG's Comments

C&AG's comments on the accounts for the year ended 31st March, 2011 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 the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a going concern basis.

Board of Directors

Sarvashri L.N.Vijayaraghavan, V.Murali, M.B.N.Rao, M.M.Sharma, S.K.Roongta and A.P.V.N.Sarma were inducted into the Board of Directors of the Company w.e.f. 30.09.2010. Sarvashri J. Mahilselvan, Sarat Kumar Acharya, R.K. Mishra and N.Sundaradevan were inducted into the Board of Directors of the Company w.e.f. 23.07.2010, 16.12.2010, 24.03.2011 and 19.07.2011 respectively. Shri. P.Babu Rao relinquished his position in the Board w.e.f. 01.09.2010 on superannuation. The Board places on record its appreciation for the valuable contribution and guidance provided by Shri P.Babu Rao during his tenure as a Director of the Company.

Sarvashri R.Kandasamy, J.Mahilselvan and Dr.Sanjay Govind Dhande, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves 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 beneficiaries of Tamil Nadu, Andhra Pradesh, Karnataka, Kerala, Puducherry and Rajasthan.

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

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

for and on behalf of the Board of Directors

PLACE : Chennai

DATE : 21.07.2011

A.R.ANSARI

CHAIRMAN-CUM-MANAGING DIRECTOR



Annexure-1

A. Conservation of Energy

a. Energy Conservation measures taken

- ❖ One no. of Feed Pump and Circulating Water Pump has been replaced in Unit-3 and 9 respectively in TPS-I.
- ❖ Modification in the BMS scanner cooling air system in 9 boilers were carried out in TPS-I.
- ❖ Centralised Energy Monitoring System is installed to monitor energy consumption of 6.6/0.4 KV Unit Station & Auxiliary equipment in TPS-I Expansion.
- ❖ Modification was done in slag conveyor system to reduce down time of the equipment in TPS-I Expansion.
- ❖ One stage of Condensate Extraction Pump in three units of Stage-II has been reduced which resulted in energy saving in TPS-II.
- ❖ Replacing Labyrinth seal with Mechanical seal in boiler feed pumps and optimisation by speed adaptation in Hydro-coupling of boiler feed pumps.
- ❖ In all the new machines and drive heads for the Mine-II Expn., 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 are introduced in Mine-II.
- ❖ In Vulcanising division in Mines conveyor belt joints are being carried out using ceramic heater plates instead of conventional heater plates which consume only 50 % energy.
- ❖ Installation of timer switches, energy efficient T5 series tubelights, replacement of conventional Sodium Vapour Lamps with Compact Fluorescent Lamps, introducing LED based Aviation Lamps in Drive Heads, annunciation lamps etc., are being done in plants and Township which save lot of energy.

b. Additional Investments proposal for the year 2010-11

The estimated cost of additional investment proposals for reduction of consumption is Rs.568.9 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 recommendations based on energy audit carried out earlier in Thermal Power Station-I, Thermal Power Station-I Expansion and Mine-II are being implemented and there is significant savings of energy on that account.

Total energy saving in Thermal and Mines are 7671342 units for the year 2010-11.

B. Technology Absorption

Efforts made in technology absorption

As per form B annexed.

Total foreign exchange earnings and outgo

Total foreign exchange used	:	Rs. 97.95 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 area of R&D during the year are :

- i. Studies on the use of Fly ash generated in power plants for its better utilisation. Under the Coal S&T project 'Development and use of Fly ash based pesticides' various formulations were developed and the project was successfully completed.
- ii. A preliminary R&D project has been completed in collaboration with the Central Electro Chemical Research Institute (CECRI), Karaikudi.
- iii. Studies to produce Zeolite from Neyveli Fly ash at laboratory scale was optimised in association with IIT/Kharagpur and its efficiency to remove calcium from ground water was also studied. The results were encouraging and the quality is similar to commercial grade in terms of calcium removal. Based on this, action was initiated to go for bench scale production.
- iv. A joint R&D project was taken up with National Institute of Technology/Trichy to study preventive measures for corrosion problems in Storm Water Control pumps. Suitable coatings to withstand corrosion are identified by lab tests. Based on the recommendations three pumps were coated and deployed in mines. The performance of the coating is under evaluation.
- v. A project has been taken up jointly with VIT/ Vellore to utilise bottom ash from thermal plants as partial replacement of sand in construction activities. Preliminary studies have been carried out.
- vi. An air dispersion model has been developed by VIT/ Vellore, which is able to predict the patterns of concentration about the NLC stacks. The removal rates of SO₂ by the evergreen canopy at NLC have been determined. Further study and validation works are in progress.
- vii. Feasibility study for the separation of un-burnt carbon from bottom ash was carried out at Indian Rare Earths Limited Research Centre, Kollam. The study is in progress to identify suitable process and viability.

II. Benefits derived as a result of R&D

- i. Coal S&T Project "Development and use of Fly Ash Based Pesticides" :-
Study revealed that the insects like leaf feeder, hairy caterpillar were quick to move away from the crop canopy, while sucking insects like mealy bug & aphids reacted to flyash dusting but persistent on the crops. Bio pesticide field evaluation studies were conducted at Neyveli using the flyash based water dispersible powder formulation and showed that application of the formulation at 10 Kg/hectare resulted in more than 90% reduction of the late larval population by 24 hrs and pupal stages by 72 hrs.
- ii. About 263 kilo liters of potassium humate was produced in the pilot plant and the revenue earned from this was about Rs.41.60 lakh. Response and feed back from the farmers for this product are very encouraging.



- iii. Coating combination of 'Titanium-poly Siloxane' was applied to SME track frames and its performance was evaluated for one year and found to be satisfactory in the bottom bench of mines. The surface of the coated area was intact in comparison with the normal treatment. With less corrosion rate life of the components can be improved.

III. Future Plan of action

- i. Development of customised organic coatings for corrosion protection of Special Mining Equipment at lignite mines.
- ii. Development of erosion-corrosion resistant materials for pumps in open cast mines.
- iii. Enhancing Life of De-watering pipes in Coal/Lignite mines by prevention of erosion-corrosion with Nano-Crystalline surface Engineering treatments.
- iv. Design and development of procedure to assess safe barrier width for advancing benches in opencast mines.
- v. Carbon di-oxide sequestration by biological methods.
- vi. Design and development of technology for sustainable haul roads inside opencast mines.

IV. Expenditure on R&D

(Rs. in lakh)

Sl. No	Description	Funded by		Total
		NLC	Other Agencies*	
1	Capital	31.96	96.60	128.56
2	Recurring expenditure	923.95	2.64	926.59
3	Total expenditure	955.91	99.24	1055.15
4	Total R&D expenditure as % on turnover	0.24	0.03	0.27

* S&T projects funded by Ministry of Coal.



Management Discussion and Analysis Report

Industry Structure and Development

Geological Exploration

India is the fifth largest consumer of energy in the world. In the present energy scenario, fossil fuels are currently the most economically available source of power which accounts for 55% of India's energy need, out of which 75% is consumed in the power sector. Demand for coal in India rises @ 4% to 5% per year. India's energy consumption is increasing on the fastest rates in the world due to population growth and economic development. As India continues to grow at the rate of around 8%, energy security has become a core issue.

Lignite a low grade coal, occurs in the States of Tamilnadu, Rajasthan, Gujarat, Puducherry, Jammu & Kashmir, West Bengal and Kerala which are devoid of any coal resources and hence development of lignite mines and lignite based Thermal Power Stations in these regions assumes greater significance. At present lignite production in the country has reached to a level of 37.734 million tonnes.

Integrated Lignite Resource Information System (ILRIS)

Your Company has established a centralised information system for Lignite deposits of the country namely 'Integrated Lignite Resource Information System' on behalf of Ministry of Coal to maintain database for the lignite deposits of the country since 2004, for developing lignite based industries in India. Voluminous exploration data generated through various exploration inputs is collected and database is created. As a nodal agency for lignite exploration and exploitation schemes in the country, your Company is also involved in technical supervision and monitoring of regional lignite exploration works being carried out by MECL in lignite area under promotional scheme funded by Ministry of Coal, Govt. of India. Under this exploration scheme around 917 MT of indicated and inferred geological resources have been established during 2010-11 in the States of Tamilnadu and Rajasthan. Ramanathapuram area in Tamilnadu is being explored on regional scale for lignite deposits through promotional drilling by MECL and GSI. This area is expected to have about 1500 million tonnes of deep seated lignite deposits, which cannot be brought into the inventory after completion of exploration works. Out of the total resources of 40905.86 million tonnes, 6145.84 million tonnes, constituting only 15% of the total resources, have been brought under proved category.

**Lignite Inventory as on 01.04.2011****(Reserve in million tonnes)**

State	Category-wise Lignite resource			Grand Total
	Proved	Indicated	Inferred	
Puducherry	0.00	405.61	11.00	416.61
Tamil Nadu	3735.23	22900.05	6257.64	32892.92
Rajasthan	1166.96	2148.72	1519.61	4835.29
Gujarat	1243.65	318.70	1159.70	2722.05
Jammu & Kashmir	0.00	20.25	7.30	27.55
Others	0.00	0.93	10.51	11.44
Total	6145.84	25794.26	8965.76	40905.86

Lignite is possible to be exploited only by opencast mining method due to various geological and mining aspects. Shallow lignite deposits are available in the States of Tamilnadu and Gujarat and the same are under exploitation. In the State of Rajasthan, lignite deposits are smaller in size and multi-seam nature with higher stripping ratio and are also not continuous. On the other hand, Mannargudi and Ramanathapuram in the State of Tamilnadu and in the Western part of Surat and Bharuch in the State of Gujarat and Hodu-Sindhari in the State of Rajasthan, the lignite deposits are bigger in size, deep seated and it may not be mineable with the available present technologies. Clean Coal Technology (CCT) such as Underground Coal Gasification (UCG) and Coal Bed Methane (CBM) are alternative methods to harness these deep seated lignite deposits. However, the development of CCT is only in primitive stage.

Demand

Despite various policy initiatives to diversify the nation's fuel mix, it is becoming increasingly evident that coal will continue to occupy centre-stage of India's energy scenario, considering the limited reserves of petroleum and natural gas, eco-conservation restrictions on hydro power projects etc.

Lignite Demand Perspective (XI & XII Five Year Plan)

After reviewing the performance of lignite sector during the X Plan and considering the need to increase the share of lignite based power generation capacity in the country, the Working Group has examined the possibility of adding additional power generation capacity, increasing the lignite production by developing new mines in the States of Tamilnadu, Gujarat and Rajasthan under



Central, State and Private Sectors during the XI Plan and XII Plan. The Working Group has estimated the anticipated installed capacity of lignite based power stations at 5819 MW at the end of XI Plan and 9569 MW at the end of XII Plan.

With the above projected installed capacity and anticipating increased demand for lignite from other sectors, the Working Group has projected the total lignite demand at 231.30 MT for XI Plan period. The demand projected at the terminal year of XI Plan and XII Plan are 55.926 MT and 87.934 MT respectively.

Production

Having estimated the lignite demand, the Working Group has estimated total lignite production at 223.993 MT for the entire XI Plan and the availability at the terminal year of XI Plan and XII Plan are projected at 54.203 MT and 89.58 MT respectively.

Power

Electrical energy is a critical infrastructure on which the socio-economic development of the country depends. Our country has been facing energy deficit in the range of 9.6% to 11.1% in the first three years of the current five year plan. In order to improve the availability of power structural reforms like mega power policy, introduction of ultra mega power projects etc., and other various policy measures to accelerate the power generation, have been undertaken by the Government.

Demand

The installed generation capacity as on 31st March, 2011 including capacity from renewable energy sources stands at 173626 MW which includes 93918 MW of power generated using coal/lignite as fuel. The capacity addition in the XII five year plan period is targeted as 106470 MW. Ministry of Power has adopted a robust monitoring system for the capacity addition programme so that the projects are executed in time.

India faces a peak-hour power shortage of nearly 14% and utility companies are expanding capacity to satisfy a rapidly urbanising population and rising industrialisation. The country aims to halve its peak-hour power deficit within two years and add generation capacity of 100,000 MW during 2012-17.

Production

The National Electricity Policy stipulates power for all and per capita electricity consumption to rise to 1000 units by 2012. This entails provision of adequate reliable power at affordable cost. To fulfill the objectives of National Electricity policy a capacity addition of 78700 MW has been proposed for the XI Plan period which includes 58693 MW of thermal power.



Opportunity and Threats

Opportunities

- ❖ Availability of abundant fossil fuel in the country.
- ❖ Dynamic approach of the Government continuously striving to accelerate the capacity additions programme.
- ❖ Growing demand and supply gap for electrical energy as per forecast analysis.
- ❖ Categorisation of Power Sector as Infrastructure, thereby getting thrust from the Government.
- ❖ Establishment of Power Exchanges for distribution of power across the country.
- ❖ Possibility to develop/acquire coal blocks jointly with State Government(s) and/or private entities through Public/ Private Partnership.
- ❖ Availability of latest high efficiency technology in the power sector.

Threats

- Adverse geological conditions for lignite mining increase the stripping ratio resulting in higher excavation cost.
- Non-availability of proven technology to exploit deep-seated lignite reserves, which contributes 85% of the total available reserves.
- Resistance to acquisition of land and associated issues in rehabilitation and resettlement of land evictees, including demand for employment.
- Increasing compensation for land acquisition.
- Environmental issues connected to mining, including restriction in drawal of ground water.
- Limited domestic manufacturers of power equipment/specialised mining equipment resulting in dependence on foreign suppliers.

Segment-Wise Performance

Covered in the main report.

Outlook

Mining

The present lignite mining capacity of the Company is 30.6 MTPA. The proposed Mine projects in Bithnok, Hadla and Palana blocks including Devangudi Block would increase the capacity to 37.35 MTPA during the XII Plan period. Your Company is also entitled to 15% share of the total capacity (20.0 MTPA) of coal mined out by MNH Shakti Limited, the JV Project. Your Company has also proposals for selection of developer for commercial development of Under Ground Lignite Gasification in Raneri block in Rajasthan. In this regard, CMPDI has been engaged to finalise the developing agency. Taking into account the coal requirement for the proposed new coal based



power projects, your Company also proposes to enter into arrangements with CIL and is also exploring to acquire/develop coal blocks.

Power

The total power generation capacity of the Company including Barsingsar Power Project in Rajasthan and TPS-II Expansion project in Neyveli is 3240 MW. Taking into account the project recently sanctioned by the Government, viz. New Thermal Power Project at Neyveli (1000 MW) as replacement of the existing TPS-I (600 MW) and other projects under consideration viz., Bithnok Power Project (250 MW), Barsingsar Extension Power Project (250 MW) and Sirkali Coastal Power Project (4000 MW), the total power generation would increase to 8140 MW by the end of XII Plan. The Tuticorin Thermal Power Project (1000 MW) is under implementation by the Subsidiary Company, which is anticipated to be commissioned during XII Plan. In addition to this, the proposed JV power project of capacity 2000 MW with UPRVUNL is also anticipated to be commissioned during XII Plan. Further your Company would also consider participating in the new projects as may be notified by Government/ beneficiaries under tariff based bidding route.

Risks and Concerns

- ❖ Deployment of Specialised Mining Equipment for mining requires adequate and timely availability of land for carrying out planned programme of mining. Any bottleneck in the land acquisition process affects the mine movement, thereby the mining operation.
- ❖ Prevailing socio-economic conditions make acquisition of land very complex.
- ❖ Higher outgo towards rehabilitation and resettlement packages, demand for employment of land evictees, general resistance to land acquisition.
- ❖ Adverse geological conditions of mines increases the quantum of OB removal resulting in higher cost of production.
- ❖ Requirement for continuous depressurising of confined aquifers subject to the conditions laid down by the Central Ground Water Board.
- ❖ Neyveli Mines being situated in a cyclone prone area, the mining operations getting affected during monsoon.
- ❖ Neyveli lignite field being located nearer to coastal area threat of intrusion of sea water.
- ❖ Stringent operational norms and cap on O&M expenses being prescribed by the Regulatory Authorities from time to time.
- ❖ Any adverse changes on the tariff policy may impact the profitability of the 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.
- ❖ Escalating cost of new power plants.



- ❖ Present situation of overbooked order positions of power equipment manufacturers and suppliers.
- ❖ Accumulation of power sale arrears from certain beneficiaries.

Internal Control Systems and their adequacy

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

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

Discussion on financial performance with respect to operational performance

Covered in the main report.

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

Covered in the main report.

* * *



Report on Corporate Governance

Mandatory Requirements

Company's Philosophy on Code of Governance

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

Board of Directors

Composition

As on 31st March, 2011, the Board of Directors of your Company headed by an Executive Chairman comprised six Executive Directors, two Non-executive Directors and eight Independent Directors. As reported in the Corporate Governance Report of the last year, one Independent Director had relinquished the position w.e.f. 31.10.2009 and seven other Independent Directors also relinquished their positions on 31.05.2010 on completion of three year tenure as per the terms and conditions of appointment issued by MOC, Government of India. With the approval of MOC all the above vacant positions have been filled up and the present composition of the Board of Directors of your Company is fully meeting the requirements prescribed under the Listing Agreement with the Stock Exchanges.

As required under Clause 49 of the Listing Agreement, the particulars regarding composition of the Board of Directors as on 31st March, 2011 and other details are furnished below:

Sl. No.	Name (Sarvashri)	Designation	Other Directorships held as on 31.03.2011	Other Committee* Memberships held as on 31.03.2011	
				As Member	As Chairman
Executive Directors					
1	A.R.Ansari	Chairman-cum-Managing Director	1	-	-
2	B.Surender Mohan	Director (Mines)	-	-	-
3	R.Kandasamy	Director (Planning & Projects)	2	-	-
4	K.Sekar	Director (Finance)	1	-	-
5	J.Mahilselvan	Director (Power)	1	-	-
6	Sarat Kumar Acharya	Director (Human Resource)	-	-	-
Non-executive Directors					
7	Alok Perti	Special 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	12	-	-



Sl. No.	Name (Sarvashri)	Designation	Other Directorships held as on 31.03.2011	Other Committee* Memberships held as on 31.03.2011	
				As Member	As Chairman
Independent Directors					
9	Dr.Sanjay Govind Dhande	Part-time Non- official Director	-	-	-
10	S.K.Roongta	-do-	6	3	1
11	L.N.Vijayaraghavan	-do-	1	-	-
12	A.P.V.N.Sarma	-do-	5	-	2
13	M.B.N.Rao	-do-	15	5	4
14	M.M.Sharma	-do-	-	-	-
15	V.Murali	-do-	2	-	2
16	R.K.Mishra	-do-	2	2	-

*Audit Committee and Shareholders/Investors Grievance Committee

Board Procedures

The Chairman-cum-Managing Director (CMD) has been delegated with certain administrative and financial powers by the Board of Directors. Major decisions involving large capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments (other than short-term investments), borrowings, all policy decisions including policies relating to all human resource 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 2010-11, 8 meetings of the Board of Directors were held on the following dates:

27th May, 2010, 26th June, 2010, 28th July, 2010, 2nd September, 2010, 2nd November, 2010, 16th December, 2010, 27th January, 2011 and 11th March, 2011.

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

The details of attendance of Directors at the Board Meetings held during the financial year 2010-11 were as under:

Name (Sarvashri)	Period of Office held during the year	No. of meetings held during the period of Office	No. of meetings attended
A.R.Ansari	01.04.2010 - 31.03.2011	8	8
B.Surender Mohan	-do-	8	8
R.Kandasamy	-do-	8	8
K.Sekar	-do-	8	8
J. Mahilselvan	23.07.2010 - 31.03.2011	6	6
Sarat Kumar Acharya	16.12.2010 - 31.03.2011	3	3
P.Babu Rao	01.04.2010 - 31.08.2010	3	3



Name (Sarvashri)	Period of Office held during the year	No. of meetings held during the period of Office	No. of meetings attended
Alok Perti	01.04.2010-31.03.2011	8	8
Rajeev Ranjan	-do-	8	3
Dr.S.G.Dhande	26.06.2010-31.03.2011	6	4
S.K.Roongta	30.09.2010-31.03.2011	4	2
L.N.Vijayaraghavan	-do-	4	3
A.P.V.N.Sarma	-do-	4	3
M.B.N.Rao	-do-	4	3
M.M.Sharma	-do-	4	4
V.Murali	-do-	4	3
R.K.Mishra	24.03.2011-31.03.2011	---	--
Y.N.Apparao	01.04.2010-31.05.2010	1	1
Shashi Kumar	-do-	1	1
Krishna Kumar	-do-	1	--
Ravindra Sharma	-do-	1	1
S.Rammohan	-do-	1	1
P.K.Choudhury	-do-	1	1
Prof.S.Sadagopan	-do-	1	1

General Meeting Attendance

Shri. A.R.Ansari CMD, Sarvashri. Alok Perti, B.Surender Mohan, K.Sekar, R.Kandasamy and J.Mahilselvan, Directors, attended the last Annual General Meeting held on 2nd September, 2010.

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, K.Sekar and J.Mahilselvan, Directors as its Members.

Project Sub-Committee

Project Sub-Committee has been constituted by the Board of Directors of the Company to examine the proposals including Feasibility Reports for investment in new/expansion/joint venture projects or any capital expenditure exceeding the value prescribed by the Board and to make



appropriate recommendations to the Board. Further, this Committee has also been mandated by the Board to review periodically the status of projects under implementation by the Company. This Committee presently comprises Shri A.R.Ansari as its Chairman and Sarvashri B. Surender Mohan, R. Kandasamy, K. Sekar, J. Mahilselvan, S.K. Roongta, L.N. Vijayaraghavan, A.P.V.N. Sarma and Dr. Sanjay Govind Dhande, Directors as its Members.

Audit Committee

The Audit Committee earlier constituted by the Board comprised Sarvashri S.Rammohan, P.K.Choudhury, Prof.S.Sadagopan and Shashi Kumar, as its Members and all of them relinquished the office on 31.05.2010 on completion of three year tenure as per the terms and conditions of appointment prescribed by the Government of India. However, in order to comply with the requirements of Section 292A of the Companies Act, 1956, the Audit Committee was reconstituted with Shri Alok Perti, Director as its Chairman, Dr.Sanjay Govind Dhande and Shri B.Surender Mohan, Directors, as its Members. In view of that, your Company could not comply with certain requirements prescribed under the Listing Agreement during the period from 26.06.2010 to 29.09.2010 with regard to Audit Committee.

Subsequent to the induction of Independent Directors on the Board of Directors of your Company the Audit Committee was again reconstituted in terms of the requirements of Listing Agreement. The committee presently comprises Shri V.Murali as its Chairman and Sarvashri L.N. Vijayaraghavan, R.K.Mishra and M.B.N. Rao Directors, as its Members and all the Members are Independent Directors. The terms of reference of Audit Committee conform to the requirements of Section 292A of the Companies Act, 1956 and Clause-49 of the Listing Agreement with the Stock Exchanges.

During the year 2010-11. the Audit Committee met five times as detailed hereunder:-

Sl.No.	Date of Meeting	Members Present Sarvashri	Name of Chairman Sarvashri
1	27.05.2010	S. Rammohan Shashi Kumar P.K.Choudhury Prof.S.Sadagopan	S. Rammohan
2	28.07.2010	Alok Perti B.Surender Mohan	Alok Perti
3	02.09.2010	Alok Perti B.Surender Mohan	Alok Perti
4	02.11.2010	V. Murali L.N. Vijayaraghavan M.B.N. Rao	V. Murali
5	26.01.2011	V. Murali L.N. Vijayaraghavan M.B.N. Rao	V. Murali

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 B.Surender Mohan, K.Sekar and Sarat Kumar Acharya, 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, K.Sekar and J.Mahilselvan, Directors as its Members accords approval for carrying out certain delegated functions in connection with the borrowing/debt raising proposals which have been approved by the Board.

Sub-committee for Short-term Investment

Surplus money, as may be available with the Company from time to time are placed as short-term deposits, as per DPE guidelines and the Board approved investment policy, with the approval of this Sub-committee comprising Shri A.R.Ansari, as its Chairman and Shri K.Sekar, Director 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, B.Surender Mohan and J.Mahilselvan, Directors as its Members, accords approval for share transfers/transmission etc., and also for issue of duplicate share certificates/share certificates against rematerialisation requests.

Shareholders/Investors Grievance Committee

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

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

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. During the year, 171 complaints were received from shareholders/investors, generally pertaining to non-receipt of dividend and annual report. As per the report received from the Share Transfer Agent, there were no complaints pending for redressal as on 31.03.2011.

As reported by the STA, as on 31st March, 2011, barring 6 applications for share transfers lodged with the Company during the last fortnight of March, 2011, all other applications for share transfers have been processed. The said 6 applications have also been processed in the month of April 2011.

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 its Chairman and Sarvashri K.Sekar, B.Surender Mohan and J.Mahilselvan Directors as its Members approves the policies and issues relating to transfer price of lignite, lignite price and policy in respect of sales to outsiders and further approval of this committee is required for fixation of tariff for power sales, if any, made to direct consumers.

Remuneration Committee

The appointment of Executive Directors including the Chairman-cum-Managing Director is contractual in nature and the remuneration is paid to them as per the terms of their appointment made by the Government of India. However, for finalising the Performance Related Pay for Executive Directors, Executives and Non-unionised Supervisors, as required under the DPE guidelines, the Board has reconstituted the Remuneration Committee and this committee presently comprises Shri A.P.V.N.Sarma as its Chairman and Sarvashri M.M.Sharma, S.K.Roongta and V.Murali, Directors, as its Members.

CSR Committee

The Board of Directors of the Company has recently constituted a Sub-committee of Directors comprising Shri R.K. Mishra, Director as its Chairman, Shri V. Murali, Director as its Member and Shri Sarat Kumar Acharya, Director as its Member Convener, to evaluate specific CSR initiatives of the Company and also monitor implementation of the same.

Remuneration Details

The details of remuneration of the following Executive Directors during the year 2010-11 are as under:

Sl. No.	Name of the Director (Sarvashri)	Salary for the year (Rs.)	Benefits* (Rs.)	Performance Related Pay** (Rs.)
1	A.R.Ansari	14,12,267	15,68,320	4,70,092
2	B.Surender Mohan	13,16,222	12,42,710	3,88,721
3	R.Kandasamy	12,63,984	11,10,637	1,73,967
4	K.Sekar	12,62,667	12,29,086	1,73,967
5	J.Mahilselvan	9,33,098	10,16,153	---
6	Sarat Kumar Acharya	3,75,866	1,96,914	---
7	P.Babu Rao	5,52,902	22,79,189	4,29,850

* includes arrear relating to the period from November 2008 to March 2011 and also includes terminal benefits, if any.

** PRP for 2008-09 paid in 2010-11.

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 made by the Government of India.

No remuneration is being paid to Part-time official Directors nominated by the Government of India and to the Independent Directors on the Board. Sitting fees @ Rs.10,000/- was paid to Independent Directors for attending each Board/Committee Meetings held during the year 2010-11.



The details of sitting fees paid to Independent Directors during the year 2010-11 are as under:

Sl. No.	Name of the Director (Sarvashri)	Sitting fee paid for (Rs.)	
		Board Meetings	Committee Meetings
1	Y.N.Apparao	10000	30000
2	Shashi Kumar	10000	30000
3	Ravindra Sharma	10000	20000
4	S.Rammohan	10000	10000
5	P.K.Choudhury	10000	10000
6	Prof. S.Sadagopan	10000	20000
7	Dr.Sanjay Govind Dhande	40000	-
8	S.K.Roongta	20000	10000
9	L.N.Vijayaraghavan	30000	40000
10	A.P.V.N.Sarma	30000	20000
11	M.B.N.Rao	30000	30000
12	M.M.Sharma	40000	20000
13	V.Murali	30000	20000

Code of Conduct

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

"I hereby confirm that all the Members of the Board and Senior Management Personnel to whom the Code of Conduct was applicable have affirmed compliance of the above code for the year ended 31st March, 2011".

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 2007- 2008	02.09.2008 11.00 Hrs.	"Sathguru Gnanananda Hall" Narada Gana Sabha, No.314, T T K Road, Chennai - 600 018
AGM 2008 - 2009	03.09.2009 11.00 Hrs.	-do-
AGM 2009-2010	02.09.2010 11.00 Hrs.	"Kamaraj Memorial Hall", New No.492, Anna Salai, Chennai-600 006.



Special Resolutions

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

Postal Ballot

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

Disclosures

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

Means of Communication

The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company's equity shares are listed. The financial results are published in leading National news papers and also in a local vernacular daily and the said results are also being made available in the Company's website – www.nlcindia.com in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchanges. The Company's official news releases are also being made available in the Company's website.

General Shareholder Information

AGM : Date, day, time and venue : 12th September, 2011 - Monday - 11.00 Hours
"Sathguru Gnanananda Hall",
Narada Gana Sabha,
No.314, T T K Road, Chennai - 600 018.

Financial Calendar for the year 2011-12 (tentative)

Results for the first quarter ended 30 th June	Within 45 days from the end of the quarter
Results for the second quarter ending 30 th September	-do-
Results for the third quarter ending 31 st December	-do-
Results for the fourth quarter ending 31 st 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 03.09.2011 to 12.09.2011 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for dividend, if any, declared at the ensuing Annual General Meeting.



Dividend Payment Date

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

Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges upto the year 2011-12.

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 2010-11 as quoted at the Bombay Stock Exchange and its comparative performance with the broad base BSE Sensex & NIFTY during the same period were as under:

Month	Share Price (Rs.)		BSE Sensex		NIFTY	
	High	Low	High	Low	High	Low
April 2010	157.20	138.10	18,047.86	17,276.80	5257.25	5160.90
May 2010	155.65	136.75	17,536.86	15,960.15	5278.70	4786.45
June 2010	160.35	142.75	17,919.62	16,318.39	5366.75	4961.05
July 2010	163.50	152.10	18,237.56	17,395.58	5477.50	5225.60
Aug.2010	175.45	154.70	18,475.27	17,819.99	5549.80	5348.90
Sep.2010	167.50	156.80	20,267.98	18,027.12	6073.50	5403.05
Oct. 2010	180.65	153.55	20,854.55	19,768.96	6284.10	5937.10
Nov.2010	172.70	122.30	21,108.64	18,954.82	6338.50	5690.35
Dec.2010	138.65	115.55	20,552.03	19,074.57	6147.30	5721.15
Jan. 2011	142.50	105.00	20,664.80	18,038.48	6181.05	5416.65
Feb.2011	109.90	91.60	18,690.97	17,295.62	5599.25	5177.70
March 2011	109.60	96.05	19,575.16	17,792.17	5872.00	5348.20

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, 2011 was as under:

Category	No.of Shares	% to total
President of India	1569639100	93.56
Financial Institutions / Banks	914249	0.05
Insurance Companies	78205834	4.66
Mutual Funds/ UTI	381581	0.02
Bodies Corporate	2826510	0.17
Foreign Institutional Investors	3057220	0.18
Directors & Nominee of the President of India	800	0.00
NRI	865217	0.05
Public	21288044	1.27
Clearing Members	473490	0.03
Others	57555	0.01
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: corperv@iepindia.com

Distribution of Shareholding as on 31.03.2011

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 - 500	99458	93.87	12387517	0.74
501 - 1000	3889	3.67	3179396	0.19
1001 - 2000	1456	1.38	2250199	0.13
2001 - 3000	383	0.36	999229	0.06
3001 - 4000	194	0.18	711703	0.04
4001 - 5000	160	0.15	757482	0.05
5001 - 10000	228	0.22	1665928	0.10
10001 & above	182	0.17	1655758146	98.69
Total	105950	100.00	1677709600	100.00



Details of Shares held by Non-executive Directors

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

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

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

Dematerialisation of shares and liquidity

The equity shares of the Company are compulsorily traded in dematerialised form as per the notification issued by SEBI. As on 31st March, 2011, 10,54,77,959 equity shares have been dematerialised by the shareholders and the equity shares are actively traded on the Stock Exchanges.

Plant locations

Mine-I (including expansion), Mine-IA, Mine-II (including expansion), TPS-I, TPS-I expansion and TPS-II are located in Neyveli in Cuddalore District in the State of Tamilnadu. Barsingsar Mine and Thermal Power Plant are located in the State of Rajasthan. TPS-II Expansion is under construction in Neyveli. Subsidiary Company's thermal power plant is under construction at Tuticorin, in the State of Tamilnadu.

Address for correspondence

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

The investors may also communicate 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 has been constituted by the Board, in terms of DPE guidelines to finalise the Performance Related Pay for the Executive Directors, Executives and Non-unionised Supervisors.



Shareholder Rights

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

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, 2011 is furnished as an annexure to the Directors' Report.

Training of Board Members

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

Mechanism for evaluation of Non-executive Board Members

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

Whistle Blower Policy

Your Company has an independent Vigilance Branch, headed by a Chief Vigilance Officer in the rank of 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, if any, about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.



Annexure-4

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, 2011 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:
 - (i) *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. During the year between the periods from 01.06.2010 to 29.09.2010 and from 16.12.2010 to 23.03.2011 the Independent Directors constituted less than 50% of the Board of Directors. However the length of the respective vacancy was within the stipulation of Clause-49. As on 31st March, 2011 the composition of the Board of Directors was in accordance with Clause-49.*
 - (ii) *Clause-49 of the listing agreement stipulates that two-thirds of the members of Audit Committee shall be Independent Directors and the Chairman of the Audit Committee shall be an independent director. During the year between the period from 26.06.2010 to 29.09.2010, the composition of the Audit Committee and the Chairman of the Audit Committee was not in compliance of Clause-49. However, as on 31st March, 2011 the composition of the Audit Committee and also the Chairman of the Audit Committee were in accordance with Clause-49.*
4. Subject to the above, in our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the Listing Agreement.
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

S. Swaminathan
Partner
M.No.023998

Place : Chennai
Date : 27.05.2011

For **L.U.KRISHNAN & CO.,**

Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy
Partner
M.No.007595

**Annexure-5****Reply to the Statutory Auditors' observation on the accounts
for the year ended 31st March, 2011.**

Sl. No.	Para No. of Report	Audit Observation	Company's Reply
1	(vii)	Attention is invited to Note No. 15 of Schedule - 21 - Notes on Accounts regarding accounting of sale of power by adopting provisional tariff and Note No. 16 of Schedule - 21 - Notes on Accounts regarding revision in power tariff from normative to actual on receipt of Central Electricity Regulatory Commission (CERC) order. Pending receipt of final order on power tariff by CERC, consequential adjustments, that may arise in future, are not ascertainable at this stage.	<p>(i) 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.</p> <p>(ii) Revision of power tariff on account of actual instead of normative parameters will be reckoned on receipt of CERC approval at the end of the tariff period.</p>

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, 2011.**

The preparation of financial statement of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2011 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, 2011.

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, 2011. 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

(ADITI ROYCHOUDHURY)

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

Place : Chennai
Date : 25.06.2011



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, 2011, 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.
- (v) As per the Notification No.G.S.R. 829(E) dated 21.10.2003, issued under section 620 (1) of the Companies Act 1956, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, is not applicable to Government Companies.



- (vi) As the Central Government is yet to notify Cess payable under Section 441A, the reporting requirement under Section 227(3)(g) of the Companies Act, 1956 does not arise.
- (vii) **Attention is invited to Note No. 15 of Schedule-21 - Notes on Accounts regarding accounting of sale of power by adopting provisional tariff and Note No.16 of Schedule-21- Notes on Accounts regarding revision in power tariff from normative to actual on receipt of Central Electricity Regulatory Commission (CERC) order. Pending receipt of final order on power tariff by CERC, consequential adjustments, that may arise in future, are not ascertainable at this stage.**

Subject to our comments in para (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, 2011;
- 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

S. Swaminathan
Partner
M.No.023998

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

R. Aghoramurthy
Partner
M.No.007595

Place : Chennai

Date : 27.05.2011



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. As explained to us, physical verification has been carried out during the year. **The reconciliation of discrepancies, if any, observed on physical verification done during the year is in progress. Hence the effect of such discrepancies is not quantifiable. Pending reconciliation of discrepancies observed on the physical verification done during the financial year 2010-2011, a sum of Rs. 0.86 crore relating to the year 2006 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 and hence the provisions of section 58A, 58AA or any other provisions of the Companies Act, 1956 and the rules made there under are not applicable to the Company.
- (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, 2011 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 except as reported below:

Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Finance Act, 2006	Land tax	57.53	2008-09	Tax Board, Ajmer
		173.73	2009-10	
		173.73	2010-11	

- (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

S. Swaminathan
Partner
M.No.023998

For **L.U.KRISHNAN & CO.,**

Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy
Partner
M.No.007595

Place : Chennai

Date : 27.05.2011



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 pipe layers, Workshop machinery, pumps GWC & SWC pipes and Civil construction machinery. Furniture and equipment used in welfare centres other than typewriter and duplicators	At technically assessed rates.
iv. Specialised Mining Equipment commissioned on or after 31.08.2007	At the rate approved under section 205 (2) (d) of the Companies Act, 1956.
v. Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

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



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.5,000/- are fully depreciated in the year in which they are put to use.
5. Amortisation of Mine Development Account

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

6. Machinery Spares

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

III. Intangible Assets

a) Computer Software:

Application Software acquired for an amount more than 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 annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

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. 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 & 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.

- i. Short-term employee benefits such as wages, salaries, incentives, short-term EL and HPL are fully provided for.
- ii. Long-term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.



- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

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 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. Accounting for taxes on income

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



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 criteria 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 up to 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, 2011

(Rs.in crore)

	Schedule	As at 31 st March 2011	As at 31 st March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1677.71	1677.71
Reserves and Surplus	2	9496.82	8646.96
Loan Funds			
Secured Loans	3	3147.50	3237.50
Unsecured Loans	4	856.54	839.86
Deferred Tax Liability (Net)		579.38	570.43
TOTAL		<u>15757.95</u>	<u>14972.46</u>
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		13856.42	11932.44
Less: Depreciation		7060.60	6693.64
Net Block		6795.82	5238.80
Capital Work-In-Progress		2593.86	3831.22
Advance for Capital Items		82.32	77.26
Investments	6	9472.00	9147.28
		964.75	1044.94
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	491.71	502.96
Sundry Debtors	8	2202.39	1611.62
Cash and Bank Balances	9	4420.73	4823.63
Other Current Assets	10	177.48	164.56
Loans and Advances	11	559.81	581.59
		7852.12	7684.36
Less: Current Liabilities & Provisions	12		
A. Current Liabilities		1934.11	2389.91
B. Provisions		649.94	613.28
Net Current Assets		5268.07	4681.17
Miscellaneous Expenditure (To the extent not written off or adjusted)	12A	53.13	99.07
TOTAL		<u>15757.95</u>	<u>14972.46</u>

The Schedules referred to above, notes on accounts (Schedule-21) 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 : 27.05.2011

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No. 000859S

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

S. SWAMINATHAN
Partner
M.No. 023998

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Rs.in crore)

	Schedule	For the year ended 31st March 2011	For the year ended 31st March 2010
INCOME			
Sales	13	3949.08	4121.02
Other Income	14	970.35	599.42
Increase/Decrease(-)in Stock	15	6.64	-30.20
TOTAL		4926.07	4690.24
EXPENSES			
Employees' Remuneration and Benefits	16	1400.79	1692.95
Interest	17	159.07	33.58
Depreciation	18	412.87	253.89
Other Expenses	19	1308.23	1176.56
		3280.96	3156.98
Less:Expenses Capitalised		42.93	68.43
		3238.03	3088.55
Profit for the year		1688.04	1601.69
TOTAL		4926.07	4690.24
Profit for the year		1688.04	1601.69
Prior Period Adjustments (Net)	20	-3.49	3.17
Profit before tax		1684.55	1604.86
Income tax			
For current year		405.00	402.00
For earlier years		-27.72	56.40
Deferred tax		8.94	-101.00
Profit after tax		1298.33	1247.46
Surplus brought forward from previous year		7799.40	7071.35
Carried forward		9097.73	8318.81



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in crore)

	Schedule	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Brought Forward		9097.73	8318.81
Transfer to/ from Interest Differential Fund Reserve		15.25	12.50
Transfer to/from Bond Redemption Reserve		15.00	15.00
Transfer to General Reserve		130.00	100.00
Interim Dividend		0.00	167.77
Tax on Interim Dividend		0.00	28.51
Proposed Final Dividend		385.87	167.77
Tax on Proposed Final Dividend		62.60	27.86
Surplus carried to Balance Sheet		8489.01	7799.40
Earnings per Share - Basic and Diluted (Face value Rs.10/-)		7.74	7.44

The Schedules referred to above, notes on accounts (Schedule-21) 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 : 27.05.2011

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. 000859S

S. SWAMINATHAN
Partner
M.No. 023998

Place : Chennai

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

R.AGHORAMURTHY
Partner
M.No.007595

Date : 27.05.2011



(Rs.in crore)

SHARE CAPITAL **SCHEDULE-1**

	As at 31 st March 2011	As at 31 st March 2010
Authorised		
2,00,00,00,000 Equity Shares of Rs.10/- each	<u>2000.00</u>	<u>2000.00</u>
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	<u>4.37</u>	<u>4.37</u>
	1677.71	1677.71

RESERVES AND SURPLUS **SCHEDULE-2**

	As at 01.04.2010	Additions	Withdrawal	As at 31.03.2011
Capital reserve vide Schedule 2A	2.37	0.00	0.00	2.37
Profit and Loss Account	7799.40	1313.89	624.28	8489.01
KfW Interest Differential Fund Reserve				
Sub Account No.I	124.53	30.81	12.83	142.51
Sub Account No.II	93.66	0.00	2.73	90.93
General Reserve	597.00	130.00	0.00	727.00
Bond Redemption Reserve	<u>30.00</u>	<u>15.00</u>	<u>0.00</u>	45.00
	8646.96	1489.70	639.84	9496.82

CAPITAL RESERVES **SCHEDULE-2A**

	As at 01.04.2010	Additions	Withdrawal	As at 31.03.2011
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	0.14	0.00	0.00	0.14
Safety Investigation System	<u>0.70</u>	<u>0.00</u>	<u>0.00</u>	0.70
	2.37	0.00	0.00	2.37



SECURED LOANS (Rs.in crore)
SCHEDULE-3

	As at 31st March 2011	As at 31st March 2010
Loans and advances from Banks #	2547.50	2637.50
Neyveli Bonds - 2009 *	600.00	600.00
	3147.50	3237.50

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 2011	As at 31st March 2010
Foreign Currency loan from KfW-Germany ## 85.44 Million Euro (88.68 Million Euro)	540.34	537.06
Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore 50 Million Euro (50 Million Euro)	316.20	302.80
	856.54	839.86
Repayable within one year	336.69	19.62

Guaranteed by the Government of India

FIXED ASSETS(Rs.in crore)
SCHEDULE-5

Description	Gross Cost				Depreciation				Net Value	
	As at 31.03.2010	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2011	As at 31.03.2010	Withdrawals/ Trans./Adj.	For the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	330.34	87.43	0.00	417.78	0.00	0.00	0.00	0.00	417.78	330.34
Roads	39.95	5.06	0.00	45.01	10.47	0.00	1.05	11.52	33.49	29.48
Buildings ++	256.30	23.62	0.00	279.92	108.81	0.00	5.25	114.07	165.85	147.49
Elec. Installations	295.56	18.96	0.13	314.39	116.02	0.01	12.28	128.29	186.10	179.54
Water Supply & Drainage	124.57	11.17	0.00	135.74	54.59	0.00	10.37	64.96	70.78	69.98
Plant & Machinery	9591.33	1824.79	73.69	11342.43	6035.03	67.47	370.99	6338.55	5003.88	3556.29
Furniture & Equipment	59.17	4.38	1.57	61.98	38.00	1.36	3.08	39.72	22.26	21.17
Vehicles	78.73	11.66	6.74	83.64	46.43	6.37	6.54	46.60	37.04	32.30
Assets Costing Rs.5000 and below	5.44	0.31	0.02	5.73	5.44	0.01	0.30	5.73	0.00	0.00
Intangible assets software	5.97	3.23	0.00	9.20	3.77	0.00	2.26	6.03	3.17	2.20
	10787.36	1990.62	82.15	12695.82 #	6418.56	75.22	412.12	6755.46	5940.35	4368.79
Mine Development										
Mine-I	464.33	0.00	0.00	464.33	179.34	0.00	15.53@	194.87	269.45	284.98
Mine-IA	121.71	0.00	0.00	121.71	21.31	0.00	2.72@	24.03	97.68	100.40
Mine-II	441.51	9.91	0.00	451.42	74.37	0.00	10.84@	85.22	366.21	367.14
Barsingsar Mine	117.54	5.60	0.00	123.14	0.05	0.00	0.95	1.01	122.13	117.49
Total	11932.44	2006.13	82.15	13856.42	6693.64	75.22	442.17	7060.60	6795.82	5238.80
Previous Year	10893.37	1063.73	24.66	11932.44	6390.41	22.99	326.22	6693.64	5238.80	

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 Assets non commissioned amounting to Rs.1726.57 crore (Previous year Rs.96.01 crore) represents Barsingsar Thermal Plant Assets, which is under test and trial run, hence no depreciation is charged.

@ Represents provisions for amortisation.





INVESTMENTS

(Rs.in crore)
SCHEDULE-6

	As at 31 st March 2011	As at 31 st March 2010
Trade Investments at cost		
(Quoted)		
8.5% tax free SLR Power Bonds issued by State Governments (Market value not available)	515.98	619.17
(Un-quoted)		
In Equity Shares-unquoted, fully paid up 445000000 (267000000) shares of Rs.10/- each of NLC Tamilnadu Power Ltd.-Subsidiary Company	445.00	267.00
Pending allotment of 155000000 Equity shares of Rs.10/- each in NLC Tamilnadu Power Limited - Subsidiary Company	0.00	155.00
In Equity Shares-unquoted, fully paid up 3765000 shares of Rs.10/- each of MNH SHAKTI Limited	3.77	3.77
	964.75	1044.94

INVENTORIES

SCHEDULE-7

	As at 31 st March 2011	As at 31 st March 2010
(As certified by the Management)		
Raw Materials	54.55	49.40
Stores and Spares	444.54	463.24
Less:Provision	9.10	10.25
	435.44	452.99
Solid/Hollow/Fly Ash Bricks	1.72	0.57
	491.71	502.96

SUNDRY DEBTORS

SCHEDULE-8

	As at 31 st March 2011	As at 31 st March 2010
Unsecured		
Considered Good		
More than six months	701.23	455.43
Others	1501.16	1156.19
Considered Doubtful	2.87	2.85
	2205.26	1614.47
Less : Provision for Doubtful Debts	2.87	2.85
	2202.39	1611.62



(Rs.in crore)

CASH AND BANK BALANCES **SCHEDULE-9**

	As at 31 st March 2011	As at 31 st March 2010
Cash and Cheques on hand	0.03	0.66
With Scheduled Banks		
In Current Accounts	19.45	58.12
Unpaid Dividend Account	0.86	1.28
In Fixed Deposits		
Short-term Deposits	4400.21	4763.39
Staff Security Deposit	0.01	0.01
Endowment Fund in the name of Neyveli Lignite Corporation Schools	0.17	0.17
	<u>4420.73</u>	<u>4823.63</u>

OTHER CURRENT ASSETS **SCHEDULE-10**

	As at 31 st March 2011	As at 31 st March 2010
Interest accrued	177.20	164.08
Disposable/Dismantled assets, Spares	2.23	2.43
Less: Provision for impairment of assets	<u>1.95</u> <u>0.28</u>	<u>1.95</u> <u>0.48</u>
	<u>177.48</u>	<u>164.56</u>

LOANS AND ADVANCES **SCHEDULE-11**

	As at 31 st March 2011	As at 31 st March 2010
Advances recoverable in cash or in kind or for value to be received		
Secured	80.76	85.44
Unsecured		
Considered good	164.48	91.95
Considered doubtful	3.12	3.36
	<u>248.36</u>	<u>180.75</u>
Less : Provision for doubtful advances	3.12	3.36
	<u>245.24</u>	<u>177.39</u>
Prepaid Expenses	3.39	5.01
Advance Income tax	1244.23	1727.89
Less : Provision for taxation	<u>933.09</u> <u>311.14</u>	<u>1328.96</u> <u>398.93</u>
Deposit with Central Excise, Port Trust and Customs authorities	0.04	0.26
	<u>559.81</u>	<u>581.59</u>
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	4.39	0.58
b. Maximum amount due at any time during the year	4.39	2.16



CURRENT LIABILITIES & PROVISIONS (Rs.in crore)
SCHEDULE-12

	As at 31 st March 2011	As at 31 st March 2010
A. Current Liabilities		
Sundry creditors and accrued expenses	1103.33	1175.70
Mine closure	108.94	491.40
Capital works and purchases	482.94	426.60
Other liabilities	222.04	276.87
Unutilised revenue grant	3.94	6.21
Unclaimed dividend	0.86	1.28
Staff security deposit	0.01	0.01
Interest accrued but not due		
-Neyveli Bonds	9.87	9.87
-Credit Agricole Corporate & Investment bank	1.17	0.96
- KfW	1.01	1.01
	<u>1934.11</u>	<u>2389.91</u>
B. Provision		
Provision for accrued earned leave	96.06	143.41
Provision for half pay leave	30.35	70.33
Provision for short-term benefit of earned leave	4.36	3.43
Provision for short-term benefit of half pay leave	2.57	1.95
Provision for Gratuity	0.00	141.37
Provision for contingencies	54.82	44.82
Provision for post retirement medical benefit	12.45	11.48
Provision for loss on assets	0.86	0.86
Provision for proposed final dividend	385.87	167.77
Provision for proposed final dividend tax	62.60	27.86
	<u>649.94</u>	<u>613.28</u>

MISCELLANEOUS EXPENDITURE **SCHEDULE-12A**

	As at 31 st March 2011	As at 31 st March 2010
(To the extent not written off or adjusted)		
Preliminary project expenditure	53.46	48.01
Advance Overburden removal expenditure	34.55	55.27
Total	<u>88.01</u>	<u>103.28</u>
Less: Provision	<u>34.88</u>	<u>4.21</u>
	<u>53.13</u>	<u>99.07</u>



SALES

SCHEDULE-13

Products	Unit	For the year ended 31 st March 2011		For the year ended 31 st March 2010	
		Quantity	Value (Rs.in crore)	Quantity	Value (Rs.in crore)
Gross Sales					
Power	MU	14971	3655.72	14828	3813.81
Lignite	LT	22	339.25	22	316.35
Miscellaneous			2.17		0.51
			3997.14		4130.67
Less: Excise duty			0.48		0.01
Net Sales			3996.66		4130.66
Less: Transfer to Capital Expenditure Accounts			47.58		9.64
			3949.08		4121.02

MU-Million Units, LT-Lakh Tonnes

OTHER INCOME

(Rs.in crore) SCHEDULE-14

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Interest		
Bank [Includes TDS Rs.34.40 crore (Rs.55.75 crore)]	338.24	434.57
Employees	8.37	6.51
Long term investments	50.44	59.21
Others	98.01	14.62
Recoveries		
Rent	8.42	7.91
Others	0.48	0.48
Handling charges recovered	9.35	5.88
Profit on sale of assets	4.00	3.30
Provision written back		
Mine closure liability	382.45	0.00
Others	4.36	5.15
Miscellaneous	74.19	66.31
	978.31	603.94
Less: Transfer to Capital Expenditure Accounts	7.96	4.52
	970.35	599.42



INCREASE / DECREASE (-) IN STOCK

SCHEDULE-15

Products	Unit	For the year ended 31 st March 2011		For the year ended 31 st March 2010	
		Quantity	Value (Rs.in crore)	Quantity	Value (Rs.in crore)
A. OPENING STOCK					
Raw Material					
Lignite *	LT	5	49.40	9	87.73
Less: transfer to capital account			1.49		9.62
			47.91		78.11
B. CLOSING STOCK					
Raw Material					
Lignite *	LT	6	54.55	5	49.40
Less: transfer to capital account			0.00		1.49
			54.55		47.91
Opening Stock			47.91		78.11
Less : Closing Stock			54.55		47.91
Increase/Decrease (-) in Stock			6.64		-30.20

LT-Lakh Tonnes

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

EMPLOYEES' REMUNERATION AND BENEFITS

(Rs.in crore)

SCHEDULE-16

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Salaries, Wages and Incentives	1277.77	1555.66
Contribution to Provident and other funds	89.95	65.51
Gratuity	27.63	65.65
Welfare expenses	68.10	54.13
	<u>1463.45</u>	<u>1740.95</u>
Less: Transfer to Capital Expenditure Accounts	62.66	48.00
	<u>1400.79</u>	<u>1692.95</u>

INTEREST

SCHEDULE-17

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Fixed loans		
Unsecured loans - KfW -foreign currency loan	3.85	4.45
Unsecured loans - Credit Agricole Corporate & Investment Bank - foreign currency loan	6.35	8.66
Secured loans-NLC Bonds	52.98	52.98
Loan from Banks	231.48	217.72
Others	53.38	4.25
	<u>348.04</u>	<u>288.06</u>
Less: Transfer to Capital Expenditure Accounts	188.97	254.48
	<u>159.07</u>	<u>33.58</u>



(Rs.in crore)

DEPRECIATION **SCHEDULE-18**

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Fixed Assets	385.97	298.35
Mine Development and other amortisations	30.05	25.97
	<u>416.02</u>	<u>324.32</u>
Less: Transfer to Capital Expenditure Accounts	3.05	70.35
Transfer from Grants	0.10	0.08
	<u>412.87</u>	<u>253.89</u>

OTHER EXPENSES **SCHEDULE-19**

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Consumption of stores and spares	447.93	465.50
Fuel	85.16	51.66
Mine closure	0.00	92.19
Advance OB removal charge off	20.73	6.91
Excise duty	3.14	0.00
Rent	0.38	0.31
Rates and taxes		
Electricity tax	1.22	1.23
Clean energy cess	85.22	0.00
Others	3.53	5.99
Wealth tax	0.31	0.17
Repairs and Maintenance		
Plant and Machinery	90.61	79.61
Buildings	13.87	13.88
Others	131.55	114.32
Outsourcing of Overburden removal	52.63	50.18
Insurance	3.45	0.75
Payments to auditors		
Audit fees	0.12	0.11
Tax Audit fees	0.06	0.06
Other certification fees	0.05	0.05
Reimbursement of expenses	0.02	0.03
Travelling expenses	12.58	8.97
Training expenses	2.34	2.63
Family welfare expenses	2.17	1.61
Guarantee fees KfW loan	6.44	7.44
Selling expenses		
Discounts	54.87	52.63
Afforestation expenses	9.57	5.95
Fixed assets written off	0.00	0.05
Provision for Contingencies	10.00	10.00
Provision for stores & materials	2.67	4.40
Provision for doubtful debts/advances	0.33	0.05
Carried Forward	<u>1040.95</u>	<u>976.68</u>



OTHER EXPENSES CONTD.

(Rs.in crore)
SCHEDULE-19

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Brought Forward	1040.95	976.68
Provision for preliminary expenses	30.66	0.36
Royalty	160.92	157.26
Central Industrial Security Force expenses	50.70	46.56
Corporate Social Responsibility expenses	13.24	8.19
Miscellaneous expenses	52.58	51.87
	1349.05	1240.92
Less: Transfer to Capital Expenditure Accounts	38.93	62.77
Transfer from Grant	1.89	1.59
	1308.23	1176.56

PRIOR PERIOD ADJUSTMENTS

SCHEDULE-20

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Sales	21.49	0.00
Depreciation	-26.16	-1.89
Consumption of stores and spares	1.18	2.30
Other Income	0.00	2.76
Prior period adjustment (Net)	-3.49	3.17

Note:(-) indicates debit

NOTES ON ACCOUNTS

SCHEDULE-21

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010
1.	A. Contingent liability exists in respect of : a. Guarantees issued by the Company b. Additional customs duty, on final assessment of goods released on bond c. Labour Court cases B. Claims against the Corporation not acknowledged as debts: a. From employees/others b. From suppliers/contractors c. From statutory authorities d. Disputed amount of Income tax	0.01 N.Q N.Q 0.23 1545.05 16.02 82.92	0.01 N.Q N.Q 7.23 1249.94 16.03 0.90
2.	a. Estimated value of contracts remaining to be executed on capital accounts not provided for b. Commitment for the acquisition of lands	600.35 90.51	596.52 85.71
3.	Value of Securities other than cash not considered in accounts	1.22	1.37
4.	a. Capital Work in progress includes Capital Goods in stock and in Transit amounting to b. Stores & Spares include Goods-in-Transit amounting to	80.98 35.81	111.56 44.95



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010
5.	Pending High Court decision, the additional land compensation deposited with Court has not been capitalised	0.58	0.26
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	1.34	(1.48)
	ii. The amount of exchange rate difference adjusted by way of debiting / (crediting) to the carrying amount of fixed assets & WIP	24.37	(83.61)
7.	Expenditure incurred on Research & Development:		
	a. Capital Expenditure	1.29	0.14
	b. Revenue Expenditure	9.27	8.52
8.	Deferred tax liability comprises the following:		
	a. Deferred tax liability: Related to Depreciation	611.95	679.95
	b. Deferred tax Assets: Provisions, etc.	32.57	109.52
	c. Net Deferred tax liability (a-b)	579.38	570.43
9.	Borrowing cost capitalised during the year		
	a. Interest and commitment charges	188.97	254.48
	b. Exchange rate difference arising from foreign currency loan	19.67	(12.38)
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	603.98	412.87
	Fair value of plan assets	603.98	414.20
	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 towards liability on increase in pay revision provided for)		
	iv. The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	4.16	3.17
	Interest on obligation	33.03	20.95
	Expected return on plan assets	44.62	26.11
	Net actuarial losses (gains) recognised in the year	176.54	130.24
	Total included in employee benefit expense	169.11	128.24
	Includes liability on pay revision provision accounted in 2009 -10 (Previous Year figure includes adjustment towards pay revision arrears accounted in earlier years)		
	Actual return on plan assets	44.63	31.55



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010																					
	<p>v. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:</p> <p>Opening defined benefit obligation</p> <p>Service cost</p> <p>Interest cost</p> <p>Actuarial losses (gains)</p> <p>Benefits paid</p> <p>Closing defined benefit obligation</p> <p>vi. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:</p> <p>Opening fair value of plan assets</p> <p>Expected return</p> <p>Actuarial gains and (losses)</p> <p>Contributions by employer</p> <p>Benefits paid</p> <p>Closing fair value of plan assets</p> <p>vii. Principal actuarial assumptions at the balance sheet date (expressed as weighted average)</p> <p>Discount rate per annum</p> <p>Expected return per annum on plan assets</p> <p>Salary Escalation per annum</p> <p>Retirement Age</p> <p>Mortality</p> <p>Attrition rate</p> <p>2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:</p> <p>i. Amount recognised in the profit and loss account as premium paid to the Insurance Company</p> <p>ii. Liability Provided for the fixed Medical Assistance</p>	<p>412.87</p> <p>4.16</p> <p>33.03</p> <p>177.44</p> <p>-23.51</p> <p>603.99</p> <p>414.20</p> <p>44.62</p> <p>0.90</p> <p>167.78</p> <p>23.51</p> <p>603.99</p> <p>8.0</p> <p>8</p> <p>5</p> <p>60 years</p> <p>LIC 1994-96</p> <p>1-3%</p> <p>10.62</p> <p>6.25</p>	<p>270.65</p> <p>3.17</p> <p>19.65</p> <p>136.97</p> <p>-17.58</p> <p>412.87</p> <p>270.14</p> <p>26.02</p> <p>5.53</p> <p>130.09</p> <p>17.58</p> <p>414.20</p> <p>7.5</p> <p>8</p> <p>9</p> <p>60 years</p> <p>LIC 1994-96</p> <p>1-3%</p> <p>7.79</p> <p>6.01</p>																					
11.	Details of contingency provisions:																							
	<table><tr><th>Description</th><th>Opening</th><th>Addn.</th><th>Withdrawal</th><th>Closing</th></tr><tr><td>Interest on disputed tax deducted at source</td><td>16.58</td><td>-</td><td>-</td><td>16.58</td></tr><tr><td>Provision for Barsingsar Mine Development Expenditure incurred in earlier year.</td><td>18.24</td><td>-</td><td>-</td><td>18.24</td></tr><tr><td>Provision for arbitration</td><td>10.00</td><td>10.00</td><td>-</td><td>20.00</td></tr></table>	Description	Opening	Addn.	Withdrawal	Closing	Interest on disputed tax deducted at source	16.58	-	-	16.58	Provision for Barsingsar Mine Development Expenditure incurred in earlier year.	18.24	-	-	18.24	Provision for arbitration	10.00	10.00	-	20.00			
Description	Opening	Addn.	Withdrawal	Closing																				
Interest on disputed tax deducted at source	16.58	-	-	16.58																				
Provision for Barsingsar Mine Development Expenditure incurred in earlier year.	18.24	-	-	18.24																				
Provision for arbitration	10.00	10.00	-	20.00																				



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

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.9.66 crore (previous year 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.	Details relating to consumption of raw materials, stores and spares, licensed and installed capacities, production, etc., are furnished in the Annexure to Schedule-21.
14.	<p>i. Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 2.74 crore (previous year Rs. 3.04 crore).</p> <p>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. 0.12 crore.</p>
15.	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 of Coal Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges. On account of this an amount of Rs. 847.32 crore (previous year Rs.805.34 crore) has been reckoned as sale of power for which the bill will be raised on receipt of CERC order.
16.	Revision in capacity charges of power tariff and transfer price of lignite for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable and inclusion of Mine-II expansion expenditure will be considered on receipt of Central Electricity Regulatory Commission's (CERC) Orders in accordance with Ministry of Coal (MOC) guidelines and CERC Regulations.
17.	During the year the Ministry of Coal approved Mine Closure Plans effective from 01.04.2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of Rs. 382.45 crore, after netting of current year provision of Rs.17.97 crore, power sales has been reduced by Rs. 340.72 crore (being adjustment relating to earlier years) and lignite sales has been reduced by Rs.6.15 crore (being adjustment relating to earlier years) and Interest payable to the beneficiaries has been reckoned at Rs.53.38 crore (Rs.0.64 crore pertains to current year).
18.	Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.
19.	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.
20.	<p>Profit after tax - Rs. 1298.33 crore</p> <p>Number of shares - 167,77,09,600</p> <p>Face value of share - Rs. 10/-</p>
21.	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.
22.	Figures of the previous year have been re-grouped wherever necessary.

NQ – NOT QUANTIFIABLE / NOT QUANTIFIED



Annexure referred to in Schedule-21 Contd.

I. Consumption of Raw Materials and Spare Parts

A. Raw Materials (fully indigenous)

(Rs. in crore)

Product	Unit	For the year ended 31 st March 2011		For the year ended 31 st March 2010	
		Quantity	Value	Quantity	Value
Lignite (at transfer price)	LT	208.43	2895.71	205.67	2751.32

B. Value of Indigenous and Imported Spares consumed

	INDIGENOUS		IMPORTED	
	For the year ended 31 st March 2011	For the year ended 31 st March 2010	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Spare parts	325.10	277.64	0.63	56.51
Percentage	99.81	83.09	0.19	16.91

II A. Remuneration to Directors

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Salaries	0.71	1.09
Contribution to Provident and other funds	0.09	0.13
Cost of Benefits	1.14	0.88
Sitting fees paid to Independent Directors is Rs.5,40,000/-		

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

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Capital Goods	39.84	55.92
Components and spares	28.72	83.99

III. Expenditure in Foreign Currency

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Travelling Expenses	0.01	3.48
Professional and Consultancy	0.38	11.41
Interest Charges	10.09	12.69



Annexure referred to in Schedule-21 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 31.03.2011	For the year ended 31.03.2010
1.	LIGNITE					
	Mine-I	Tonnes	Not applicable(*)	10.5 Million	83,04,998.21	91,59,230
	Mine-II	Tonnes	Not applicable(*)	15.0 Million	1,17,10,920.20	1,04,43,270
	Mine-IA	Tonnes	Not applicable(*)	3.0 Million	27,19,240.00	27,11,422
	Barsingsar Mine	Tonnes	Not applicable(*)	2.1 Million	4,09,077.62	24,541
2.	POWER					
	Thermal-I	Kwhr.	NotApplicable	600 MW		
	Gross				3,878,652,818	4,114,441,588
	Net				3,400,538,197	3,630,134,982
	Thermal-I Expansion	Kwhr.	NotApplicable	420 MW		
	Gross				2,997,039,000	2,979,434,000
	Net				2,743,436,565	2,720,121,694
	Thermal – II	Kwhr.	NotApplicable	1470 MW		
	Gross				10,739,784,058	10,559,690,190
	Net				9,701,514,715	9,549,986,250
	Barsingsar Thermal (**)	Kwhr.	NotApplicable	250 MW		
	Gross				265,610,080	2,475,040
	Net				193,447,562	2,475,040

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

(**) Barsingsar Thermal units are 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 Shri A.R. Ansari	Directors	
	Shri. Alok Perti	Shri. K. Sekar
	Shri. Rajeev Ranjan	Shri. J. Mahilselvan
	Shri. B. Surender Mohan	Shri. Sarat Kumar Acharya
	Shri. R. Kandasamy	Shri. P. Babu Rao

(ii) Transactions during the year with related parties :

1. Remuneration to Directors listed in (a) above : Rs.1.75 crore



Annexure referred to in Schedule-21 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 01.04.2010 to 31.03.2011, the following are the share of interest in the Joint Venture.
 - i. Fixed assets - Rs. 2.28 crore
 - ii. Capital work in progress - Rs. 3.01 crore
 - iii. Net Current assets - Rs. (1.61) crore
 - iv. Miscellaneous expenditure not written off - Rs. 0.08 crore
 - v. Income - -Nil-
 - vi. Expenditure - -Nil-



Annexure referred to in Schedule-21 Contd.

VII. SEGMENTWISE RESULTS FOR THE YEAR 2010-11

(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	339.51	307.89	3609.57	3813.14			3949.08	4121.03
Inter-segment sales	2535.33	2757.42	190.52	190.36	2725.85	2947.78		
Total Revenue	2874.84	3065.31	3800.09	4003.50	2725.85	2947.78	3949.08	4121.03
RESULT								
Segment Result	947.17	891.94	513.71	388.65			1460.88	1280.59
Other Income							88.48	78.67
Unallocated corporate expenses							197.31	238.90
Operating Profit							1352.05	1120.36
Interest expense							159.07	33.58
Interest Income							495.06	514.91
Income taxes							386.22	357.40
Profit from ordinary activities							1301.82	1244.29
Prior period/Income/Expenditure (Net)							-3.49	3.17
Net Profit							1298.33	1247.46
OTHER INFORMATION								
Segment Assets	4380.20	2821.58	3823.82	3320.03			8204.02	6141.61
Unallocated Corporate assets (Including Capital Work-in Progress)							10137.98	11834.04
Total Assets							18342.00	17975.65
Segment liabilities	909.69	1306.74	493.36	485.16			1403.05	1791.90
Unallocated Corporate liabilities							5764.42	5859.08
Total liabilities							7167.47	7650.98
Capital expenditure	189.67	336.16	46.57	-19.91			236.24	316.25
Depreciation	293.65	184.07	102.97	57.55			396.62	241.62
Non-cash expenses other than depreciation	1.86	3.85	0.67	4.93			2.53	8.78

- 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, 2011

(Rs.in crore)

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax, Extra-ordinary Items & P.P.T	1688.04	1601.69
Adjustments for :		
Less: Profit on disposal of asset	4.00	3.30
Interest Income	<u>495.06</u>	<u>514.91</u>
	499.06	518.21
Add: Depreciation	412.87	253.89
Advance OB removal charge off	20.73	6.91
Other non cash charges	-186.88	17.34
Interest charged to P&L A/c	<u>159.07</u>	<u>33.58</u>
	405.79	311.72
Operating profit before working capital changes	<u>-93.27</u>	<u>-206.49</u>
Adjustments for trade and other receivables :	1594.77	1395.20
Sundry Debtors	-590.79	-826.06
Loans & Advances	-65.77	-10.35
Inventories & other current assets	12.40	29.19
Trade Payables	<u>-509.66</u>	<u>379.27</u>
Cash flow generated from Operations	440.95	967.25
Direct Taxes paid	<u>-289.49</u>	<u>-431.33</u>
Cash flow before Extra-ordinary Items & P.P.T	151.46	535.92
Extra-ordinary items	0.00	0.00
Prior period transactions	22.67	5.06
Capital grants received	0.00	0.00
Capital grants utilised	<u>-2.17</u>	<u>-2.17</u>
Net Cash from operating activities	<u>171.96</u>	<u>538.81</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets/preliminary expenses	-530.92	-620.01
Sale of fixed assets/projects from continuing operations	11.13	4.93
Sale/Purchase of Investments	80.19	-233.55
Interest received	<u>481.94</u>	<u>539.81</u>
Net Cash used in investing activities	<u>42.34</u>	<u>-308.82</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings (Net)	-73.32	19.66
Interest paid	-347.83	-290.02
Dividend (including dividend tax)	<u>-196.05</u>	<u>-588.20</u>
Net cash used/received in financing activities	<u>-617.20</u>	<u>-858.56</u>
Net increase, decrease(-) cash and cash equivalents	-402.90	-628.57
Cash and cash equivalents as at the beginning of the year	4823.63	5452.20
Cash and cash equivalents as at the end of the year	<u>4420.73</u>	<u>4823.63</u>

Note : (-) Indicates Cash Outflow.

	As on 31 st March 2011	As on 31 st March 2010
DETAILS OF CASH AND CASH EQUIVALENTS		
Cash in hand	0.03	0.66
Cash at bank in current account	20.31	59.40
Cash at bank in deposit account	<u>4400.39</u>	<u>4763.57</u>
Total	4420.73	4823.63

For and on behalf of the Board

K. VISWANATH
COMPANY SECRETARY
Place : Chennai

K. SEKAR
DIRECTOR (FINANCE)

A.R. ANSARI
CHAIRMAN-CUM-MANAGING DIRECTOR
Date : 27.05.2011

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. 000859S

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

S.SWAMINATHAN
Partner
M.No.023998
Place : Chennai

R.AGHORAMURTHY
Partner
M.No.007595
Date : 27.05.2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details:**

Registration No.

Balance Sheet Date

Date Month Year

State Code

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

Public Issue

Bonus Issue

Rights Issue

Private Placement

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

Total Liabilities

Total Assets

Source of Funds :

Paid-up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Deferred tax liability

Application of Funds:

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses Nil

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

Turnover *

Total Expenditure

(+)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)	:	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Product Description	:	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="P"/> <input type="text" value="O"/> <input type="text" value="W"/> <input type="text" value="E"/> <input type="text" value="R"/>
Item Code No. (ITC Code)	:	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="2"/>
Product Description	:	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="G"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="T"/> <input type="text" value="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/(loss) so far it concerns the members of the holding Company and not dealt within the books of account of the holding Company (except to the extent dealt with in Col.6).	Profit/(loss) so far it concerns the members of the holding Company and dealt within the books of account of the holding Company.	Profit/(loss) so far it concerns the members of the holding Company and not dealt within the books of account of the holding Company (except to the extent dealt with in Col.8).	Profit/(loss) so far it concerns the members of the holding Company and dealt within 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	31.03.2011	445000000	89%	Nil	Nil	Nil	Nil

Information of Subsidiary Company

Name of the Subsidiary Company :

NLC TAMILNADU POWER LIMITED

(Rs in crore)

Description	2010-11	2009-10
(a) 1. Capital	500.00	300.00
2. Share application Money pending for allotment	-	155.00
(b) Reserves	-	-
(c) Total assets	1,862.46	893.88
(d) Total liabilities	1,362.50	438.88
(e) Details of investment	Nil	-
(f) Turnover	Nil	-
(g) Profit/(loss) before taxation	(0.04)	-
(h) Provision for taxation	Nil	-
(i) Profit/(loss) after taxation	(0.04)	-
(j) Proposed dividend	Nil	-

In terms of Circular No.51/12/2007-CL-III dated 8th February 2011, notified by the Ministry of Corporate Affairs, the annual accounts and the related detailed information of NLC Tamilnadu Power Limited (Subsidiary Company) for the year 2010-11 is available for inspection for the shareholders at the head office of the Company and also of the Subsidiary Company and shareholders desirous of obtaining a copy of the Annual Report of the Subsidiary Company for the year 2010-11, containing the annual accounts and other documents, may send their request addressed to the Company Secretary and the same will be forwarded to their registered address.



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, 2011, 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.1914.13 crore as at 31st March 2011, total revenues of Rs. Nil and total cash flows amounting to Rs.7.25 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 auditor whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint ventures are based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified under Companies (Accounting Standard) Rules, 2006.
5. **Attention is invited to Note No. 16 of Schedule-21-Notes on Accounts regarding accounting of sale of power by adopting provisional tariff and Note No. 17 of Schedule-21-Notes on Accounts regarding revision in power tariff from normative to actual on receipt of Central Electricity Regulatory Commission (CERC) order. Pending receipt of final order on power tariff by CERC, consequential 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 the other financial information of the components, in our opinion and to the best of our information and explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2011;
- (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

S. Swaminathan

Partner
M.No.023998

For **L.U.KRISHNAN & CO.,**

Chartered Accountants
Firm Regn. No. 001527S

R. Aghoramurthy

Partner
M.No.007595

Place : Chennai
Date : 27.05.2011



Significant Accounting Policies

Principles of Consolidation

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

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

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

I. Fixed Assets

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

II. Depreciation

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

Description of Assets covered	Basis
i. Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act, 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.
ii. Residential buildings - II & III Class	At rates prescribed by 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.5,000/- are fully depreciated in the year in which they are put to use.
5. Amortisation of Mine Development Account

Over burden removal costs are classified under mine development account till achievement of quantity 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 are expected to be irregular are fully depreciated over the residual useful life of the fixed assets and if the spare is utilised, the carrying cost is fully charged as depreciation in the year of utilisation.

III. Intangible Assets

- a. Computer Software:

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

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

- c. Research & Development (Internally generated Projects):

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

IV. 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 annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

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. 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 & 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.

- i. Short-term employee benefits such as wages, salaries, incentives, short-term EL and HPL are fully provided for.
- ii. Long-term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.



- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognised in Profit and Loss Account on the basis of actual liability.

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 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. Accounting for taxes on income

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



or substantively enacted by the Balance Sheet date. Deferred Tax Assets/Liabilities are reviewed at each Balance Sheet date.

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 criteria 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 up to 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.

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Neyveli Lignite Corporation Limited
Consolidated Financial Statements

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs.in crore)

	Schedule	As at 31 st March 2011	As at 31 st March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1677.71	1677.71
Reserves and Surplus	2	9496.77	8646.96
Minority Interest		55.00	33.00
Loan Funds			
Secured Loans	3	4257.50	3509.42
Unsecured Loans	4	856.54	839.86
Deferred Tax Liability (Net)		579.38	570.43
TOTAL		16922.90	15277.38
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		13918.25	11981.32
Less: Depreciation		7066.86	6698.00
Net Block		6851.39	5283.32
Capital Work-In-Progress		4122.93	4374.70
- Share of interest in Joint Venture		3.00	2.56
Advance for Capital Items		356.90	378.57
		11334.22	10039.15
Investments	6	515.98	619.17
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	491.71	502.96
Sundry Debtors	8	2202.39	1611.62
Cash and Bank Balances	9	4423.99	4826.61
Other Current Assets	10	177.49	164.56
Loans and Advances	11	560.05	583.81
		7855.63	7689.56
Less: Current Liabilities & Provisions	12		
A. Current Liabilities		2186.20	2556.39
B. Provisions		649.94	613.28
Net Current Assets		5019.49	4519.89
Miscellaneous Expenditure (To the extent not written off or adjusted)	12A	53.21	99.17
TOTAL		16922.90	15277.38

The Schedules referred to above, notes on accounts (Schedule-21) 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: 27.05.2011

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

For M/s. GANESAN AND COMPANY,
Chartered Accountants
Firm Regn. No.000859S

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

S.SWAMINATHAN
Partner
M.No. 023998

R.AGHORAMURTHY
Partner
M.No.007595

Place : Chennai

Date : 27.05.2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Rs.in crore)

	Schedule	For the year ended 31 st March 2011	For the year ended 31 st March 2010
INCOME			
Sales	13	3949.08	4121.02
Other Income	14	970.35	599.42
Increase/Decrease(-)in Stock	15	6.64	-30.20
TOTAL		4926.07	4690.24
EXPENSES			
Employees' Remuneration and Benefits	16	1400.79	1692.95
Interest	17	159.07	33.58
Depreciation	18	412.87	253.89
Other Expenses	19	1308.28	1176.56
		3281.01	3156.98
Less:Expenses Capitalised		42.93	68.43
TOTAL		3238.08	3088.55
Profit for the year		1687.99	1601.69
Prior Period Adjustments (Net)	20	-3.49	3.17
Profit before tax		1684.50	1604.86
Income tax			
For current year		405.00	402.00
For earlier year		-27.72	56.40
Deferred tax		8.94	-101.00
		386.22	357.40
Profit after tax		1298.28	1247.46
Surplus brought forward from previous year		7799.40	7071.35
		9097.68	8318.81
Transfer to/ from Interest Differential Fund Reserve		15.25	12.50
Transfer to/from Bond Redemption Reserve		15.00	15.00
Transfer to General Reserve		130.00	100.00
Interim Dividend		0.00	167.77
Carried Forward		8937.43	8023.54



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (Rs.in crore)

	Schedule	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Brought Forward		8937.43	8023.54
Tax on Interim Dividend		0.00	28.51
Proposed Final Dividend		385.87	167.77
Tax on Proposed Final Dividend		62.60	27.86
Surplus carried to Balance Sheet		8488.96	7799.40
Earnings per Share - Basic and Diluted (Face value Rs.10/-)		7.74	7.44

The Schedules referred to above, Notes on accounts (Schedule-21) 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: 27.05.2011

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.000859S

S.SWAMINATHAN
Partner
M.No. 023998

Place : Chennai

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

R.AGHORAMURTHY
Partner
M.No.007595

Date : 27.05.2011



SHARE CAPITAL (Rs.in crore) **SCHEDULE-1**

	As at 31 st March 2011	As at 31 st March 2010
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 01.04.2010	Additions	Withdrawal	As at 31.03.2011
Capital reserve vide Schedule 2A	2.37	0.00	0.00	2.37
Profit and Loss Account	7799.40	1313.84	624.28	8488.96
KfW Interest Differential Fund Reserve				
Sub Account No.I	124.53	30.81	12.83	142.51
Sub Account No.II	93.66	0.00	2.73	90.93
General Reserve	597.00	130.00	0.00	727.00
Bond Redemption Reserve	30.00	15.00	0.00	45.00
	<u>8646.96</u>	<u>1489.65</u>	<u>639.84</u>	<u>9496.77</u>

CAPITAL RESERVES **SCHEDULE-2A**

	As at 01.04.2010	Additions	Withdrawal	As at 31.03.2011
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	0.14	0.00	0.00	0.14
Safety Investigation System	0.70	0.00	0.00	0.70
	<u>2.37</u>	<u>0.00</u>	<u>0.00</u>	<u>2.37</u>



SECURED LOANS

(Rs.in crore)
SCHEDULE-3

	As at 31 st March 2011	As at 31 st March 2010
Rural Electrification Corporation Term Loan*	0.00	271.92
Loans and advances from Banks #	3657.50	2637.50
Neyveli Bonds - 2009 **	600.00	600.00
	4257.50	3509.42

* Rural Electrification Corporation term loan had been prepaid during the year.

The Rupee Term Loan of Rs.3750 crore is secured by paripassu charge on project fixed assets of the parent financed. The term loan of Rs.2500 crore is secured by a paripassu charge on project of the subsidiary 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 31 st March 2011	As at 31 st March 2010
Foreign Currency loan from KfW-Germany # # 85.44 Million Euro (88.68 Million Euro)	540.34	537.06
Foreign Currency loan from Credit Agricole Corporate & Investment Bank - Singapore 50 Million Euro (50 Million Euro)	316.20	302.80
	856.54	839.86
Repayable within one year	336.69	19.62

Guaranteed by the Government of India

FIXED ASSETS(Rs.in crore)
SCHEDULE-5

Description	Gross Cost				Depreciation			Net Value		
	As at 31.03.2010	Additions/ Transfers	Disposals/ Trans./Adj.	As at 31.03.2011	As at 31.03.2010	Withdrawals/ Trans./Adj.	For the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	330.34	87.43	0.00	417.78	0.00	0.00	0.00	0.00	417.78	330.34
Lease hold land	48.36	0.00	0.00	48.36	4.30	0.00	1.61	5.91	42.45	44.06
- Share of interest in Joint Venture	0.00	2.27	0.00	2.27	0.00	0.00	0.01	0.01	2.26	0.00
Roads	39.95	5.06	0.00	45.01	10.47	0.00	1.05	11.52	33.49	29.48
Buildings ++	256.30	29.92	0.00	286.22	108.81	0.00	5.33	114.15	172.07	147.49
Elec. Installations	295.56	18.96	0.13	314.39	116.02	0.01	12.28	128.29	186.10	179.54
Water Supply & Drainage	124.57	11.77	0.00	136.34	54.59	0.00	10.39	64.98	71.36	69.98
Plant & Machinery	9591.49	1828.50	73.69	11346.30	6035.05	67.47	371.16	6338.74	5007.56	3556.42
Furniture & Equipment	59.45	4.45	1.57	62.33	38.01	1.36	3.10	39.75	22.58	21.44
-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	78.78	11.66	6.74	83.69	46.43	6.37	6.54	46.61	37.08	32.35
Assets Costing Rs.5000 and below	5.47	0.31	0.02	5.76	5.47	0.01	0.30	5.76	0.00	0.00
Intangible assets software	5.97	3.23	0.00	9.20	3.77	0.00	2.26	6.03	3.17	2.20
	10836.26	2003.57	82.16	12757.67 #	6422.92	75.22	414.03	6761.74	5995.92	4413.32
Mine Development										
Mine-I	464.33	0.00	0.00	464.33	179.34	0.00	15.53 @	194.87	269.45	284.98
Mine-IA	121.71	0.00	0.00	121.71	21.31	0.00	2.72 @	24.03	97.68	100.40
Mine-II	441.51	9.91	0.00	451.42	74.37	0.00	10.84 @	85.22	366.21	367.14
Barsingsar Mine	117.54	5.60	0.00	123.14	0.05	0.00	0.95	1.01	122.13	117.49
Total	11981.32	2019.08	82.16	13918.25	6698.00	75.22	444.08	7066.86	6851.39	5283.32
Previous Year	10893.48	1112.51	24.66	11981.32	6390.41	22.99	330.58	6698.00	5283.32	

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 Assets non commissioned amounting to Rs.1726.57 crore (Previous year Rs.96.01crore) represents Barsingsar Thermal Plant Assets, which is under test and trial run, hence no depreciation is charged.

@ Represents provisions for amortisation.





INVESTMENTS

(Rs.in crore)
SCHEDULE-6

	As at 31 st March 2011	As at 31 st March 2010
Trade Investments at cost (Quoted)		
8.5% tax free SLR Power Bonds issued by State Governments (Market value not available)	515.98	619.17
	<u>515.98</u>	<u>619.17</u>

INVENTORIES

SCHEDULE-7

	As at 31 st March 2011	As at 31 st March 2010
(As certified by the Management)		
Raw Materials	54.55	49.40
Stores and Spares	444.54	463.24
Less:Provision	<u>9.10</u>	<u>10.25</u>
	435.44	452.99
Solid/Hollow/Fly Ash Bricks	1.72	0.57
	<u>491.71</u>	<u>502.96</u>

SUNDRY DEBTORS

SCHEDULE-8

	As at 31 st March 2011	As at 31 st March 2010
Unsecured		
Considered Good		
More than six months	701.23	455.43
Others	1501.16	1156.19
Considered Doubtful	2.87	2.85
	<u>2205.26</u>	<u>1614.47</u>
Less:Provision for Doubtful Debts	<u>2.87</u>	<u>2.85</u>
	2202.39	1611.62



CASH AND BANK BALANCES (Rs.in crore) **SCHEDULE-9**

	As at 31 st March 2011	As at 31 st March 2010
Cash and Cheques on hand	0.03	0.66
With Scheduled Banks		
In Current Accounts	20.36	59.97
- Share of interest in Joint Venture	0.01	0.00
Unpaid Dividend Account	0.86	1.28
In Fixed Deposits		
Short-term Deposits	4400.21	4763.39
- Share of interest in Joint Venture	2.34	1.13
Staff Security Deposit	0.01	0.01
Endowment Fund in the name of Neyveli Lignite Corporation Schools	0.17	0.17
	<u>4423.99</u>	<u>4826.61</u>

OTHER CURRENT ASSETS **SCHEDULE-10**

	As at 31 st March 2011	As at 31 st March 2010
Interest accrued	177.20	164.08
- Share of interest in Joint venture	0.01	0.00
Disposable/Dismantled assets, Spares	2.23	2.43
Less: Provision for impairment of assets	<u>1.95</u> <u>0.28</u>	<u>1.95</u> <u>0.48</u>
	<u>177.49</u>	<u>164.56</u>

LOANS AND ADVANCES **SCHEDULE-11**

	As at 31 st March 2011	As at 31 st March 2010
Advances recoverable in cash or in kind or for value to be received		
Secured	80.76	85.44
Unsecured		
Considered good	164.63	94.01
- Share of interest in Joint Venture	0.01	0.08
Considered doubtful	3.12	3.36
	<u>248.52</u>	<u>182.89</u>
Less: Provision for doubtful advances	<u>3.12</u>	<u>3.36</u>
	<u>245.40</u>	<u>179.53</u>
Prepaid Expenses	3.39	5.01
Advance Income tax	1244.31	1727.97
Less : Provision for taxation	<u>933.09</u> <u>311.22</u>	<u>1328.96</u> <u>399.01</u>
Deposit with Central Excise, Port Trust and Customs authorities	0.04	0.26
	<u>560.05</u>	<u>583.81</u>
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 31 st March 2011	As at 31 st March 2010
A. Current Liabilities		
Sundry creditors and accrued expenses	1109.80	1177.02
- Share of interest in Joint Venture	0.11	0.10
Mine closure	108.94	491.40
Capital works and purchases	721.47	588.50
Other liabilities	225.15	279.95
- Share of interest in Joint Venture	3.87	0.00
Unutilised revenue grant	3.94	6.21
Unclaimed dividend	0.86	1.28
Staff security deposit	0.01	0.01
Interest accrued but not due		
- Neyveli Bonds	9.87	9.87
- Credit Agricole Corporation & Investment bank	1.17	0.96
- KfW	1.01	1.01
- REC Loan	0.00	0.08
	<u>2186.20</u>	<u>2556.39</u>
B. Provision		
Provision for accrued earned leave	96.06	143.41
Provision for half pay leave	30.35	70.33
Provision for short-term benefit of earned leave	4.36	3.43
Provision for short-term benefit of half pay leave	2.57	1.95
Provision for Gratuity	0.00	141.37
Provision for contingencies	54.82	44.82
Provision for post retirement medical benefit	12.45	11.48
Provision for loss on assets	0.86	0.86
Provision for proposed final dividend	385.87	167.77
Provision for proposed final dividend tax	62.60	27.86
	<u>649.94</u>	<u>613.28</u>

MISCELLANEOUS EXPENDITURE **SCHEDULE-12A**

	As at 31 st March 2011	As at 31 st March 2010
(To the extent not written off or adjusted)		
Preliminary project expenditure	53.46	48.03
- Share of interest in Joint Venture	0.08	0.08
Advance Overburden removal expenditure	34.55	55.27
Total	<u>88.09</u>	<u>103.38</u>
Less: Provision	34.88	4.21
	<u>53.21</u>	<u>99.17</u>



SALES

SCHEDULE-13

Products	Unit	For the year ended 31 st March 2011		For the year ended 31 st March 2010	
		Quantity	Value (Rs.in crore)	Quantity	Value (Rs.in crore)
Gross Sales					
Power	MU	14971	3655.72	14828	3813.81
Lignite	LT	22	339.25	22	316.35
Miscellaneous			2.17		0.51
			3997.14		4130.67
Less: Excise duty			0.48		0.01
Net Sales			3996.66		4130.66
Less: Transfer to Capital Expenditure Accounts			47.58		9.64
			3949.08		4121.02

MU-Million Units LT-Lakh Tonnes

OTHER INCOME

(Rs.in crore) SCHEDULE-14

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Interest		
Bank [Includes TDS Rs.34.40 crore (Rs.55.82 crore)]	338.24	435.01
- Share of interest in Joint Venture	0.06	0.02
Employees	8.37	6.51
Long term investments	50.44	59.21
Others	98.03	14.63
Recoveries		
Rent	8.64	7.99
Others	0.48	0.48
Handling charges recovered	9.35	5.88
Profit on sale of assets	4.00	3.30
Provision written back		
Mine closure liability	382.45	0.00
Others	4.36	5.15
Miscellaneous	74.27	66.35
	978.69	604.53
Less: Transfer to Capital Expenditure Accounts	8.34	5.11
	970.35	599.42



INCREASE / DECREASE (-) IN STOCK

SCHEDULE-15

Products	Unit	For the year ended 31 st March 2011		For the year ended 31 st March 2010	
		Quantity	Value (Rs.in crore)	Quantity	Value (Rs.in crore)
A. OPENING STOCK					
Raw Material					
Lignite	LT	5	49.40	9	87.73
Less: Transfer to capital account			1.49		9.62
			47.91		78.11
B.CLOSING STOCK					
Raw Material					
Lignite *	LT	6	54.55	5	49.40
Less: Transfer to capital account			0.00		1.49
			54.55		47.91
Opening Stock			47.91		78.11
Less:Closing Stock			54.55		47.91
Increase/Decrease (-) in Stock			6.64		-30.20

LT-Lakh Tonnes

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

EMPLOYEES' REMUNERATION AND BENEFITS

(Rs.in crore) SCHEDULE-16

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Salaries, Wages and Incentives	1284.51	1557.70
- Share of interest in Joint Venture	0.21	0.26
Contribution to Provident and other funds	90.44	65.72
- Share of interest in Joint Venture	0.03	0.00
Gratuity	27.78	65.65
Welfare expenses	68.17	54.14
	<u>1471.14</u>	<u>1743.47</u>
Less: Transfer to Capital Expenditure Accounts	70.35	50.52
	<u>1400.79</u>	<u>1692.95</u>



INTEREST

(Rs.in crore)
SCHEDULE-17

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Fixed loans		
Unsecured loans - KfW -foreign currency loan	3.85	4.45
Unsecured loans - Credit Agricole Corporate & Investment bank -foreign currency loan	6.35	8.66
Secured loans-NLC Bonds	52.98	52.98
Loan from Banks	294.23	217.72
Interest - REC Loan	0.00	27.16
Other Financial Charges	6.00	0.00
Others	56.39	4.25
	<u>419.80</u>	<u>315.22</u>
Less: Transfer to Capital Expenditure Accounts	<u>260.73</u>	<u>281.64</u>
	<u>159.07</u>	<u>33.58</u>

DEPRECIATION

SCHEDULE-18

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Fixed Assets	387.87	302.58
- Share of interest in Joint Venture	0.01	0.00
Mine Development and other amortisations	30.05	25.97
	<u>417.93</u>	<u>328.55</u>
Less: Transfer to Capital Expenditure Accounts	4.96	74.58
Transfer from Grants	0.10	0.08
	<u>412.87</u>	<u>253.89</u>

OTHER EXPENSES

SCHEDULE-19

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Consumption of stores and spares	447.97	465.51
Fuel	85.16	51.66
Mine closure	0.00	92.19
Advance OB removal charge off	20.73	6.91
Excise duty	3.14	0.00
Rent	0.67	0.48
- Share of interest in Joint Venture	0.01	0.00
Rates and taxes		
Electricity tax	1.22	1.23
Clean energy cess	85.22	0.00
Others	3.53	5.99
Power charges	2.35	0.00
Water charges	0.82	0.00
Wealth Tax	0.31	0.17
Carried Forward	<u>651.13</u>	<u>624.14</u>



OTHER EXPENSES CONTD.

(Rs.in crore)
SCHEDULE-19

	For the year ended 31st March 2011	For the year ended 31st March 2010
Brought Forward	651.13	624.14
Repairs and Maintenance		
Plant and Machinery	90.81	79.76
Buildings	13.87	13.88
Others	131.55	114.32
- Share of interest in Joint Venture	0.03	0.00
Outsourcing of Overburden removal	52.63	50.18
Insurance	3.45	0.75
Payments to auditors		
Audit fees	0.13	0.12
Tax audit fees	0.06	0.06
Other certification fees	0.05	0.05
Reimbursement of expenses	0.02	0.03
Travelling expenses	13.25	9.21
- Share of interest in Joint Venture	0.04	0.04
Training expenses	2.34	2.63
Family welfare expenses	2.17	1.61
Guarantee fees KfW loan	6.44	7.44
Selling expenses		
Discounts	54.87	52.63
Afforestation expenses	9.57	5.95
Fixed assets written off	0.00	0.05
Provision for contingencies	10.00	10.00
Provision for stores & materials	2.67	4.40
Provision for doubtful debts/advances	0.33	0.05
Provision for preliminary expenses	30.66	0.36
Royalty	160.92	157.26
Central Industrial Security Force expenses	50.70	46.56
Corporate Social Responsibility expenses	13.24	8.19
Miscellaneous expenses	53.51	52.64
	1354.44	1242.31
Less: Transfer to capital expenditure accounts	44.27	64.16
Transfer from grant	1.89	1.59
	1308.28	1176.56



PRIOR PERIOD ADJUSTMENTS (Rs.in crore) **SCHEDULE-20**

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Sales	21.49	0.00
Depreciation	-26.16	-1.89
Consumption of stores and spares	1.18	2.30
Other Income	0.00	2.76
Prior period adjustment (Net)	-3.49	3.17

Note:(-) indicates debit

NOTES ON ACCOUNTS **SCHEDULE-21**

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010
1.	A. Contingent liability exists in respect of : a. Guarantees issued by the Company b. Additional customs duty on final assessment of goods released on bond c. Labour Court cases B. Claims against the Corporation not acknowledged as debts: a. From employees/others b. From suppliers/contractors c. From statutory authorities d. Disputed amount of Income tax	18.61 N.Q N.Q 0.23 1545.05 20.02 82.92	0.01 N.Q N.Q 7.23 1249.94 16.03 0.90
2.	a. Estimated value of contracts remaining to be executed on capital accounts not provided for b. Commitment for the acquisition of lands	3735.40 90.51	4199.44 85.71
3.	Value of Securities other than cash not considered in accounts	1.22	1.37
4.	a. Capital Work in progress includes Capital Goods in stock and in Transit amounting to b. Stores & Spares include Goods-in-Transit amounting to	130.38 35.81	159.70 44.95
5.	Pending High Court decision, the additional land compensation deposited with Court has not been capitalised	0.58	0.26
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 ii. The amount of exchange rate difference adjusted by way of debiting/(crediting) to the carrying amount of fixed assets & WIP	1.34 24.39	(1.48) (83.61)
7.	Expenditure incurred on Research & Development: a. Capital expenditure b. Revenue expenditure	1.29 9.27	0.14 8.52
8.	Pre- incorporation expenses previously regrouped under 'Misc.Expenses' have been charged to Profit & Loss A/c	0.04	0.00



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010
9.	Deferred tax liability comprises the following:		
	a. Deferred tax liability: Related to depreciation	611.95	679.95
	b. Deferred tax assets: Provisions, etc.	32.57	109.52
	c. Net Deferred tax liability (a-b)	579.38	570.43
10.	Borrowing cost capitalised during the year		
	a. Interest and commitment charges	257.72	281.64
	b. Exchange rate difference arising from foreign currency loan	19.67	(12.38)
11.	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	603.98	412.87
	Fair value of plan assets	603.98	414.20
	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 towards liability on increase in pay revision provided for)		
	iv. The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	4.16	3.17
	Interest on obligation	33.03	20.95
	Expected return on plan assets	44.62	26.11
	Net actuarial losses (gains) recognised in the year	176.54	130.24
	Total included in employee benefit expense	169.11	128.24
	Includes liability on pay revision provision accounted in 2009 -10 (Previous Year figure includes adjustment towards pay revision arrears accounted in earlier years)		
	Actual return on plan assets	44.63	31.55
	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	412.87	270.65
	Service cost	4.16	3.17
	Interest cost	33.03	19.65
	Actuarial losses (gains)	177.44	136.97
	Benefits paid	-23.51	-17.58
	Closing defined benefit obligation	603.99	412.87



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

Sl. No.	Subject in brief	For the year ended 31 st March 2011	For the year ended 31 st March 2010																				
	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 Expected return Actuarial gains and (losses) Contributions by employer Benefits paid Closing fair value of plan assets	414.20 44.62 0.90 167.78 23.51 603.99	270.14 26.02 5.53 130.09 17.58 414.20																				
	vii. Principal actuarial assumptions at the balance sheet date (expressed as weighted average) Discount rate per annum Expected return per annum on plan assets Salary Escalation per annum Retirement Age Mortality Attrition rate	8.0 8 5 60 years LIC 1994-96 1-3%	7.5 8 9 60 years LIC 1994-96 1-3%																				
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme: I. Amount recognised in the profit and loss account as premium paid to the Insurance Company ii. Liability Provided for the fixed Medical Assistance	10.62 6.25	7.79 6.01																				
12.	Details of contingency provisions:																						
	<table><tr><th>Description</th><th>Opening</th><th>Addn.</th><th>Withdrawal</th><th>Closing</th></tr><tr><td>Interest on disputed tax deducted at source</td><td>16.58</td><td>-</td><td>-</td><td>16.58</td></tr><tr><td>Provision for Barsingsar Mine Development Expenditure incurred in earlier year</td><td>18.24</td><td>-</td><td>-</td><td>18.24</td></tr><tr><td>Provision for arbitration</td><td>10.00</td><td>10.00</td><td>-</td><td>20.00</td></tr></table>	Description	Opening	Addn.	Withdrawal	Closing	Interest on disputed tax deducted at source	16.58	-	-	16.58	Provision for Barsingsar Mine Development Expenditure incurred in earlier year	18.24	-	-	18.24	Provision for arbitration	10.00	10.00	-	20.00		
Description	Opening	Addn.	Withdrawal	Closing																			
Interest on disputed tax deducted at source	16.58	-	-	16.58																			
Provision for Barsingsar Mine Development Expenditure incurred in earlier year	18.24	-	-	18.24																			
Provision for arbitration	10.00	10.00	-	20.00																			
13.	As per the accounting policy of the Corporation, surcharge recoverable from Electricity Boards on the belated settlement of the power bill amounting to Rs. 9.66 crore (previous year 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.																						
14.	Details relating to Related Party disclosure, Interest in Joint Venture, Segment-wise results are furnished in the Annexure to Schedule-21.																						
15.	I. Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 2.74 crore (Previous 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. 0.12 crore.																						



NOTES ON ACCOUNTS CONTD.

(Rs.in crore)
SCHEDULE-21

Sl. No.	Subject in brief
16.	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 of Coal Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges. On account of this, an amount of Rs. 847.32 crore (previous year Rs.805.34 crore) has been reckoned as sale of power for which the bill will be raised on receipt of CERC order.
17.	Revision in capacity charges of power tariff and transfer price of lignite for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable and inclusion of Mine II expansion expenditure will be considered on receipt of Central Electricity Regulatory Commission's (CERC) Orders in accordance with Ministry of Coal (MOC) guidelines and CERC Regulations.
18.	During the year the MOC approved Mine Closure Plans effective from 01.04.2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of Rs. 382.45 crore, after netting of current year provision of Rs.17.97 crore, power sales has been reduced by Rs. 340.72 crore (being adjustment relating to earlier years) and lignite sales has been reduced by Rs.6.15 crore (being adjustment relating to earlier years) and Interest payable to the beneficiaries has been reckoned at Rs.53.38 crore (Rs.0.64 crore pertains to current year).
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. 1298.28 crore Number 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-21

- 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 Shri A.R. Ansari	Directors	
	Shri. Alok Perti	Shri. K. Sekar
	Shri. Rajeev Ranjan	Shri. J. Mahilselvan
	Shri. B. Surender Mohan	Shri. Sarat Kumar Acharya
	Shri. R. Kandasamy	Shri. P. Babu Rao

(ii) Transactions during the year with related parties :

1. Remuneration to Directors listed in (a) above : Rs.1.75 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%



Annexure referred to in Schedule-21 Contd.

III. SEGMENTWISE RESULTS FOR THE YEAR 2010-11 (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	339.51	307.89	3609.57	3813.14			3949.08	4121.03
Inter-segment sales	2535.33	2757.42	190.52	190.36	2725.85	2947.78		
Total Revenue	2874.84	3065.31	3800.09	4003.50	2725.85	2947.78	3949.08	4121.03
RESULT								
Segment Result	947.17	891.94	513.71	388.65			1460.88	1280.59
Other Income							88.48	78.67
Unallocated corporate expenses							197.36	238.90
Operating Profit							1352.00	1120.36
Interest expense							159.07	33.58
Interest income							495.06	514.91
Income taxes							386.22	357.40
Profit from ordinary activities							1301.77	1244.29
Prior period/Income/Expenditure (Net)							-3.49	3.17
Net Profit							1298.28	1247.46
OTHER INFORMATION								
Segment Assets	4380.20	2821.58	3823.82	3320.03			8204.02	6141.61
Unallocated Corporate assets(Including Capital Work-in Progress)							11555.02	12305.44
Total Assets							19759.04	18447.05
Segment liabilities	909.69	1306.74	493.36	485.16			1403.05	1791.90
Unallocated Corporate liabilities							7126.51	6297.48
Total liabilities							8529.56	8089.38
Capital expenditure	189.67	336.16	46.57	-19.91			236.24	316.25
Depreciation	293.65	184.07	102.97	57.55			396.62	241.62
Non-cash expenses other than depreciation	1.86	3.85	0.67	4.93			2.53	8.78

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 Orgn. Expenses on the basis of actual sales and
 - iv. Service Centres Assets & Liabilities are apportioned among the Segments on the basis of the service rendered.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in crore)

	For the year ended 31 st March 2011	For the year ended 31 st March 2010
A.CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax, extra-ordinary Items & P.P.T	1687.99	1601.69
Adjustments for :		
Less: Profit on disposal of asset	4.00	3.30
Interest income	495.14	515.38
	499.14	518.68
Add : Depreciation	412.87	253.89
Advance OB removal charge off	20.73	6.91
Other non cash charges	-186.88	17.34
Interest charged to P&L A/c	159.07	33.58
	405.79	311.72
Operating profit before working capital changes	-93.35	-206.96
Adjustments for Trade and other receivables :	1594.64	1394.73
Sundry debtors	-590.79	-826.06
Loans & advances	-63.79	-13.38
Inventories & other current assets	12.40	29.19
Trade Payables	-500.60	375.92
Cash flow generated from operations	451.86	960.40
Direct taxes paid	-289.49	-431.40
Cash flow before extra-ordinary items & P.P.T	162.37	529.00
Extra-ordinary items	0.00	0.00
Prior period transactions	22.67	5.06
Capital grants received	0.00	0.00
Capital grants utilised	-2.17	-2.17
Net cash from operating activities	182.87	531.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/ Preliminary expenses	-1352.87	-1091.65
Sale of Fixed Assets/Projects from continuing operations	11.14	4.93
Sale/Purchase of Investments	103.19	103.20
Interest received	482.01	540.28
Net cash used in investing activities	-756.53	-443.24
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long-term Borrowings (Net)	764.76	138.93
Interest paid	-419.67	-317.10
Share capital purchased	22.00	22.00
Dividend (including dividend tax)	-196.05	-588.20
Net cash used/received in financing activities	171.04	-744.37
Net increase, decrease(-) cash and cash equivalents	-402.62	-655.72
Cash and cash equivalents as at the beginning of the year	4826.61	5482.33
Cash and cash equivalents as at the end of the year	4423.99	4826.61

Note : (-) Indicates Cash Outflow.

	As on 31 st March 2011	As on 31 st March 2010
DETAILS OF CASH AND CASH EQUIVALENTS		
Cash in hand	0.03	0.66
Cash at bank in current account	21.23	61.25
Cash at bank in deposit account	4402.73	4764.70
Total	4423.99	4826.61

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 : 27.05.2011

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. 000859S

S.SWAMINATHAN
Partner
M.No.023998

Place : Chennai

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

R.AGHORAMURTHY
Partner
M.No.007595

Date : 27.05.2011

SOCIAL OVERHEAD ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in crore)

Description	Township		Library		Transport		Education		Sports & Cultural Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Expenses:												
Consumption of Materials												
Stores & Spares	1.58	6.69	0.00	0.00	3.12	2.37	0.07	0.09	0.00	0.00	4.77	9.15
Power	20.82	20.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.82	20.45
Employees' Remuneration and Benefits:												
Salaries, Wages, Bonus and Incentives	44.76	81.70	2.27	1.22	20.06	12.17	13.71	11.81	0.00	0.00	80.80	106.90
Contribution to Provident and other Funds	5.47	3.35	0.21	0.09	1.70	0.87	0.58	0.29	0.00	0.00	7.96	4.60
Gratuity	2.31	5.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.31	5.49
Welfare expenses	4.05	3.61	0.02	0.02	0.14	0.26	0.15	0.22	0.00	0.00	4.36	4.11
Rent, Rates & Taxes	0.57	0.63	0.00	0.00	0.03	0.00	0.00	0.01	0.00	0.00	0.60	0.64
Repairs & Maintenance												
Buildings	9.21	8.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.21	8.75
Others	13.60	14.31	0.00	0.00	0.40	0.35	0.48	0.02	0.05	0.02	14.53	14.70
Depreciation	3.42	3.85	0.01	0.00	0.16	0.15	0.01	0.01	0.01	0.01	3.61	4.02
Travelling Expenses	0.15	2.05	0.00	0.05	0.01	0.60	0.12	0.48	0.01	0.01	0.29	3.19
Miscellaneous	10.54	6.15	0.17	0.13	0.16	0.10	0.30	0.23	0.10	0.07	11.27	6.68
Total	116.48	157.03	2.68	1.51	25.78	16.87	15.41	13.16	0.17	0.11	160.52	188.68
Receipts:												
Recoveries:												
Rent	1.87	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.87	8.00
Electricity Charges	3.31	6.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.31	6.71
Water Charges	0.06	0.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.43
Grant-in-aid	0.00	0.00	0.00	0.00	0.00	0.00	7.27	7.35	0.00	0.00	7.27	7.35
Bus Receipts	0.00	0.00	0.00	0.00	1.25	1.27	0.00	0.00	0.00	0.00	1.25	1.27
Misc. Receipts	2.10	1.49	0.00	0.02	0.00	0.00	0.01	0.01	0.00	0.00	2.11	1.52
Total	7.34	16.63	0.00	0.02	1.25	1.27	7.28	7.36	0.00	0.00	15.87	25.28
Net Expenditure	109.14	140.40	2.68	1.49	24.53	15.60	8.13	5.80	0.17	0.11	144.65	163.40

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.

