



**NLC TAMILNADU POWER LIMITED**

**6<sup>th</sup> Annual Report  
2011 - 2012**



**BOARD OF DIRECTORS**

**CHAIRMAN**

Shri. B. Surender Mohan

**DIRECTORS**

Shri. R.Kandasamy

Shri. J.Mahiselvan

Shri. Rakesh Kumar

Shri. T.Jeyaseelan

Shri. P.Soma Shekar Reddy

Shri. M.B.N.Rao

Prof. P. Mannar Jawahar

Prof. T.Kumar

**CHIEF EXECUTIVE OFFICER**

Shri. S.Rajagopal

**COMPANY SECRETARY**

Shri. R.Jayasarathy

**STATUTORY AUDITOR**

R. Gopalakrishnan & Co.,  
Chartered Accountants,  
No.13 (Old No.7), Arcot Street,  
T. Nagar, Chennai - 600 017.

**PRINCIPAL BANKERS**

Bank of Baroda

Bank of India

Allahabad Bank

Syndicate Bank

Dena Bank

Punjab & Sind Bank

Indian Bank

Corporation Bank

Bank of Maharashtra

Oriental Bank of Commerce

State Bank of India

Canara Bank

**REGISTERED OFFICE**

'Neyveli House',  
No.135, Periyar EVR High Road,  
Kilpauk, Chennai - 600 010.

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## DIRECTORS' REPORT FOR THE YEAR 2011-2012

To  
The Members,  
NLC Tamil Nadu Power Limited

Your Directors have great pleasure in presenting the Sixth Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

### Project

The Ministry of Coal, vide letter No.4301/154/2006/CPAM dated 12.05.2008 has conveyed the GOI sanction for implementation of coal based 2x500 MW Thermal Power project at Tuticorin at an estimated cost of Rs.4909.54 crore. As per the above sanction, Unit-I is to be commissioned within 46 months from the date of sanction and Unit-II within 51 months from the date of sanction. However, as per the present progress of the implementation of the Project, the anticipated schedule for commissioning of Unit-I is December, 2013 and Unit-II is March, 2014 as against the original schedule of commissioning of March, 2012 and August, 2012 respectively. Project activities are being closely monitored to expedite commissioning of the units.

### Land

Land for the project and also for colony admeasuring 127.465 hectares has been allotted by VO Chidambaranar Port Trust (VOCPT) - formerly Tuticorin Port Trust (TPT). Long term Lease Agreement for 30 years has been entered into between the Company and VOCPT in this regard. Government of Tamil Nadu has accorded administrative sanction on 23.12.2011 to acquire land to the extent of 286.21 acres through private negotiation for ash dyke requirement for this Project.

### Status of Project Implementation

The Project Consultancy Contract has been awarded to MECON Ltd. The contract for Main Plant Package of Steam Generator, Turbo Generator and Electrostatic Precipitator has been awarded to BHEL. Civil construction, structural fabrication and mechanical erection works are in progress. Drum lifting for both the units have been completed in September, 2011.

Civil works at the on-shore area for track foundation of Stacker-cum-Reclaimers, structural fabrication and erection work for junction towers and conveyors in respect of coal handling package awarded to M/s L&T are under progress. The works relating to other major packages viz., Ash handling system, Circulating Water System, Desalination and Water Treatment plant, Bi-flue Chimney, Natural Draught Cooling Tower, Switch yard, Power Transformer and Shore un-loader are all under progress. In respect of coal washery and logistics package, tenders have been floated and are in the process of advanced stage.

Construction of coal berth (North Cargo Berth - 1) for the Company has been entrusted to VOCPT on deposit work basis. This berth will be put to dedicated use of the Company for



handling the Coal requirement for the project. Construction of dedicated coal jetty for transportation of coal to the power plant was completed and shortly to be taken over by the Company.

The cumulative expenditure incurred for the Project upto 31.03.2012 was Rs.2768.27 crore. The overall physical progress of the project as on 31.07.2012 is at 61% as against the target of 94.13%.

#### **Coal Linkage**

Ministry of Coal(MoC) has given Coal linkage to this project from Mahanadi Coalfields Limited (MCL), the Subsidiary Company of Coal India Limited. MCL has issued Letter of Assurance (LOA) to supply 3.0 million ton of "F" grade coal per annum for this Project. Coal is proposed to be transported from Odisha by rail-cum-Sea route through Paradip Port. For the balance requirement of about 2.0 million ton / annum, other sources indigenous/import are being explored. As regards entering into Fuel Supply Agreement (FSA) with MCL, one of the conditions prescribed by MCL is for obtaining No objection Certificate from the Forest Department with regard to the land leased by the VOCPT for the Project. MoC has also been approached for waiver of the above milestone condition regarding forest department clearance since only to the extent of 59 hectares of land out of 102.465 hectares leased land has been categorised as forest land.

#### **Miscellaneous Works**

Works such as construction of compound wall, approach roads, security office, administrative office and construction of guest house have been completed. The works in respect of construction of residential buildings (Township), general civil works for Hydrogen Generation Plant and Fire station Buildings, roads and culverts, storm water pumping arrangement and inter-plant communication, circulating water make up system and out fall system, Sea water RCC intake channel and outfall pipeline and Fire Protection system are in progress.

#### **Environment Clearance for the project**

Ministry of Environment and Forest (MoEF) has given clearance under the provisions of EIA Notification 1994 . Expert Appraisal Committee (EAC) on Coastal Regulation Zone (CRZ), Miscellaneous Projects and Infrastructure Development has recommended for issuance of clearance for the project under Coastal Zone Regulation Notification, 1991 and the final clearance is awaited.

#### **Project Funding**

As per the prevalent norms, the project is to be funded in the ratio of 30:70 of equity and debt. As on 31<sup>st</sup> March, 2012 the total equity share capital of Rs. 500 crore has been subscribed by the Promoters in the ratio of 89:11 and towards the project requirement share capital of Rs. 400 crore has been offered to the Promoters as Rights share in the ratio of Equity shares held by them. Against the above rights issue as on 31.03.2012, Rs. 341.50 crore has been received from the Promoters. With regard to the debt requirement of Rs. 3436.68 crore, the Company has entered into a rupee term loan agreement with



## NLC TAMILNADU POWER LIMITED

Consortium of Bankers led by Bank of Baroda for Rs.2500 crore and tying up of balance requirement of Rs. 936.68 crore in the form of External Commercial Borrowing is in process. Rupee term loan availed as on 31.03.2012 was Rs.1938.90 crore.

As the total expenditure incurred for the Project exceeded 50% of the sanctioned cost, the revised cost estimate for the Project is under preparation for obtaining necessary approval from the GOI.

### Power Allocation & Evacuation

Central Electricity Authority has fixed the allocation of power from the Project to the beneficiaries viz., TANGEDCO, ESCOMs of Karnataka State, Puducherry Electricity Department, Kerala State Electricity Board, DISCOMs of Andhra Pradesh. Based on this, Power Purchase Agreement (PPA) has also been signed with all beneficiaries. Power Grid Corporation of India Limited (PGCIL) is implementing 400 KV power evacuation systems for this project and their works have been completed.

### Financial Statement

The key financial details as on 31.03.2012 are as under::

(Rs.in lakh)

<b>EQUITY AND LIABILITIES</b>	<b>2011-12</b>	<b>2010-11</b>
Share Capital	50,000.00	50,000.00
Reserves and Surplus	(4.12)	(4.12)
Share Application money pending for Allotment	34,150.00	0.00
Long Term Borrowings	1,93,889.79	1,11,000.00
Other Long Term Liabilities	25,185.37	12,801.78
Other Current Liabilities	23,900.71	12,448.49
<b>Total</b>	<b>3,27,121.75</b>	<b>1,86,246.15</b>
<b>ASSETS</b>		
Fixed Assets	6,472.25	5,327.46
Capital Work-in-progress	3,01,707.74	1,52,907.45
Loan Term Loans & Advances	17,233.70	27,458.04
Current Assets:-		
i. Cash and Bank Balances	1,203.34	91.00
ii. Short Term Loans and Advances	504.72	462.20
<b>Total</b>	<b>3,27,121.75</b>	<b>1,86,246.15</b>



### **Energy Conservation and Research & Development**

Not applicable as the project is under implementation.

### **Corporate Social Responsibility (CSR)**

During the year, as a Corporate Social Responsibility measure, the Company has initiated part of green belt development programme and planted saplings to comply with environmental requirement .

### **Management Discussion & Analysis Report and Report on Corporate Governance**

The Management Discussion & Analysis Report is furnished in Annexure-1. The report on Corporate Governance together with Auditor's Report on the compliance of Corporate Governance conditions stipulated as per DPE Guidelines on Corporate Governance is furnished in Annexure - 2 & 3 respectively.

### **Statutory Audit**

M/s Gopalakrishnan & Co., Chartered Accountants, Chennai have been appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG), for the financial year 2011-12, under Section 619(2) of the Companies Act, 1956. The Board of Directors of the Company have fixed Rs.70,000/- as the Statutory Audit fees for the year 2011-12 in addition to reimbursement of out of pocket expenses at actual.

### **C & AG Comments**

C & AG Comments on the accounts for the year ended 31<sup>st</sup> March, 2012 is furnished in Annexure-4.

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

The Board of Directors declares:-

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the construction expenditure incurred for that period;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a going concern basis.



**Board of Directors**

Shri. A.R.Ansari and Shri.K.Sekar have relinquished their office of Directors of the Company on 30.06.2012 and 31.03.2012 respectively, on attaining the age of superannuation. Shri. B. Surender Mohan, Chairman-cum-Managing Director / NLC and Shri. RakeshKumar, Director(Finance)/NLC, representing NLC as ex-officio Directors, have been inducted into the Board as Additional Directors with effect from 01.07.2012 and 23.05.2012 respectively.

The Board places on record its appreciation for the valuable guidance provided by Sarvashri A.R. Ansari and K. Sekar during their tenure on the Board of the Company. Shri R.Kandasamy and Shri J. Mahilselvan, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offers 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 their sincere appreciation for the continued support and guidance extended by the Neyveli Lignite Corporation Limited, TNEB Limited, TANGEDCO, VO Chidambaranar Port Trust, Ministry of Coal, Ministry of Power, Ministry of Environment & Forest, Ministry of Surface Transport, Ministry of Shipping and Transport, Ministry of Industry, Ministry of Labour, Planning Commission, Central Electricity Authority, Central Electricity Regulatory Commission and Consortium of Bankers.

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 District Administration. The co-operation and support by the Comptroller and Auditor General of India, the Statutory Auditor, Internal Auditor and Central and State Pollution Control Boards need special mention and the Directors acknowledge the same.

**for and on behalf of the Board of Directors**

PLACE : Neyveli  
DATE : 13.08.2012

**B.SURENDER MOHAN  
CHAIRMAN**



## Management Discussion and Analysis Report

### Industry Structure and Development

#### Power

Electrical Power is one of the essential requirements for socio-economic development of any Country. The National Electricity Policy targets for providing supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates to all citizens. India's per capita consumption of energy is very low when compared to developed Countries. The current installed capacity of Coal based Thermal Power plants in the country is around 112022 MW which is about 56.1% of the total installed capacity.

#### Demand

In India, during 2011-12 the power supply was deficit at 11.1% against the peak demand of 130250 MW. The per capita consumption of power is expected to be increased in manifold due to growth in population, increasing economic activity, infrastructure development etc.

#### Production

The aggregate all-India installed capacity of electric power generating stations as on 31.03.2001 was 1.02 lakh MW and the All-India installed capacity as on 31.03.2012 was around 1.99 lakh MW. The electricity generation from all sources increased from 499.5 BU in 2000-01 to 876.43 BU in the year 2011-12 with a growth rate of 8.05% when compared to the previous year growth rate of 5.56%. The thermal generation during the year 2011-12 was 708.45 BU with a growth rate of 6.53% when compared to the previous year growth rate of 3.82%. The electricity generation from coal based thermal stations during the year 2011-12 was 584.58 BU with a growth rate of 9.2% when compared to the previous year growth rate of 4%.

#### Power Tariff

Power tariff for generating companies owned or controlled by Central Government and generators selling power to more than one State is determined by the Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commission Act, 1998.

#### Opportunity and Threats

##### Opportunities

- Providing electric power to the towns and rural villages continues to be the thrust area of the Government.
- Increase in demand for consumption and supply gap for power in the Country.
- The Government of India has initiated several measures to accelerate the power generation in order to achieve the envisaged economic growth rate by granting various concessions to the power sector industries.
- Upcoming technology for high efficiency power plants which ensure lesser consumption of fuel and also maintain lesser emission levels.



- Emergence of Power Exchanges and Regional Power Grid for ensuring better distribution and transfer of power from one region to another region at an optimum cost.

#### **Threats**

- ◆ Dependence of foreign supply due to limited domestic manufacture of power equipment.
- ◆ Stringent norms set by the Regulators.
- ◆ Delay in supply / erection by the domestic suppliers / manufacturers of the power equipment due to excess orders in hand which affect the implementation of the projects on schedule.
- ◆ Volatility of Coal price and also its inadequate availability.

#### **Segment-Wise Performance**

Company is not a multi-segmented Company.

#### **Outlook**

##### **Power**

##### **Coal based Thermal Project**

Your Company is presently implementing a 2x500.MW coal based Thermal Power Project at Tuticorin in Tamilnadu. Capacity addition or establishment of new Power projects will be considered after completion of implementation of the present project and at an appropriate time.

#### **Risks and Concerns**

- > Escalating cost of new power plants due to growing demand for power sector equipments.
- > Stringent operational norms prescribed by the Regulatory Authorities for the purpose of fixing the tariff. Any adverse changes of the tariff policy would have a material impact on the profitability of your Company.
- > Stringent environmental protection norms lead to relatively higher input cost of power plant equipment for new projects, which in turn increases the cost of power generation.

#### **Internal Control Systems and their adequacy**

The Company has adequate internal control systems and procedures commensurate with its size and nature of business. The internal audit is conducted by an external firm of Chartered Accountants covering all the areas of operations and the report is periodically reviewed by the Audit Committee. Audit Committee supervises the financial reporting process through review of periodical financial statements. Audit Committee also periodically interacts with Internal and Statutory Auditors to assess the adequacy of internal control systems. Further, the accounts of the Company are subject to C&AG audit in addition to the propriety audit conducted by them.

#### **Discussion on Financial Position**

Covered in the main report.

#### **Human Resource Development**

Human Resource is considered as the real asset and hence utmost priority is given for the development of Human Resource. The total manpower deployed in the Company as on 31.03.2012 was 103.

#### **Industrial Relation**

Industrial relations scenario was generally peaceful and cordial during the year 2011-12.



## REPORT ON CORPORATE GOVERNANCE

**Mandatory Requirements****Company's philosophy on Code of Corporate Governance**

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen adheres to the standards of good Corporate Governance in letter and spirit.

**Board of Directors**

The Board of Directors of your Company is headed by a Non-executive Chairman. The composition of Board of Directors of the Company as approved by the Government of India is as under:-

i. Directors representing NLC in ex-officio capacity	4
ii. Director representing Ministry of Coal	1
iii. Director representing TNEB (TANGEDCO)	1
iv. Independent Directors	3
a. Independent Director from NLC Board	1
b. Other Independent Directors	2
Total	<u>9</u>

As on 31.03.2012 the composition of Board of Directors of the Company complied with the requirement of DPE Guidelines with regard to composition of Board and as per the approval of the Government.

The particulars of Board of Directors as on 31<sup>st</sup> March, 2012 and other details are furnished as under :

Sl.No.	Name (Sarvashri)	Other Directorships held as on 31.03.2012	Other Committee* Membership held as on 31.03.2012	
			As Member	As Chairman
<b>Directors representing NLC</b>				
1	A.R. Ansari	1	-	-
2	R. Kandasamy	2	-	-
3	K. Sekar	1	-	-
4	J. Mahilselvan	1	-	-
<b>Director representing TANGEDCO</b>				
5	T. Jeyaseelan	6	-	-
<b>Director representing Ministry of Coal</b>				
6	P.SomaShekar Reddy	1	-	-
<b>Independent Directors</b>				
7	M.B.N. Rao	14	6	3
8	Prof. P. Mannar Jawahar	-	-	-
9	Prof. T. Kumar	1	-	-

\*Audit Committee and Shareholders' Grievance Committee.

**Management of Business & Board Procedure**

The day-to-day management of business and affairs of the Company is being administered by the Chief Executive Officer (CEO), who is not a member of the Board and he functions,



## NLC TAMILNADU POWER LIMITED

subject to the superintendence, control and direction of the Board. The CEO has been delegated with certain administrative and financial powers by the Board of Directors. Any proposal beyond the powers of CEO and particularly major decisions involving large capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments if any, (other than short-term investments) borrowing and all policy decisions including policy relating to all human resource matters are decided only at the meetings of the Board/Sub-committee of the Board.

### Dates of Board Meetings and Directors' Attendance:

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

12<sup>th</sup> May, 2011, 5<sup>th</sup> August, 2011, 13<sup>th</sup> October, 2011, 10<sup>th</sup> January, 2012 and 14<sup>th</sup> March, 2012.

Generally, at least one Board Meeting is held in every three months and minimum four such meetings are held every year and the time gap between two board meetings did not exceed three months. The details of attendance of Directors at the Board Meetings held during the financial year 2011-12 were as under:

Name (Sarvashri)	No. of Meetings attended out of 5 held	Remarks
A.R. Ansari	5	
R. Kandasamy	5	
K. Sekar	5	
J. Mahiselvan	4	
T. Jeyaseelan	2	Inducted w.e.f. 05.08.2011
S. Sukumar Solomon	1	Relinquished on 05.08.2011
P. Soma Shekar Reddy	2	
M.B.N. Rao	4	
Prof. P. Mannar Jawahar	3	Inducted w.e.f. 05.08.2011
Prof. T. Kumar	3	Inducted w.e.f. 05.08.2011

### General Meeting Attendance

Shri A.R. Ansari, the then Chairman, Shri K. Sekar, the then Director, Sarvashri R. Kandasamy, J. Mahiselvan and T. Jeyaseelan, Directors attended the last Annual General Meeting held on 12<sup>th</sup> September, 2011.

### Board Committees

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

#### Sub-Committee of Board of Directors

A Sub-Committee of Board of Directors has been constituted to accord approval for pre-qualification requirements (PQR) and technical specification in respect of various packages/purchases/works undertaken by the Company for implementation of the Project and also to accord approval for short-listing of tenders, qualification of bidders on PQR and techno-commercial conditions and also for placement of orders and entering into consultancy contracts as per the delegation granted by the Board. Presently the Committee comprises Shri B.Surender Mohan, as its Chairman and Sarvashri R. Kandasamy, J.Mahiselvan, Rakesh Kumar and T. Jeyaseelan, Directors as its Members.



**Audit Committee**

Consequent to the induction of Prof P. Mannar Jawahar, Prof T. Kumar, Independent Directors on the Board of the Company, the Audit Committee was reconstituted with effect from 05.08.2011 in terms of the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the DPE. This Committee presently comprises Shri M.B.N.Rao, Director as its Chairman and Shri R. Kandasamy, Prof P. Mannar Jawahar and Prof T. Kumar, Directors as its Members. The terms and reference of the Audit Committee conform to the requirements of Sec.292 A of the Companies Act, 1956 and the DPE Guidelines. The details of attendance of Members at the Audit Committee Meetings of the Company held during the year 2011-12 were as under:-

Name (Sarvashri)	No. of Meetings held during the Period of Office	No. of Meetings attended	Remarks
<b>Chairman</b>			
M.B.N. Rao	6	5	
S. Sukumar Solomon	1	1	
<b>Members</b>			
S. Sukumar Solomon	1	1	Relinquished on 05.08.2011
R. Kandasamy	6	6	
Prof. P.Mannar Jawahar	2	2	Inducted w.e.f. 05.08.2011
Prof. T.Kumar	2	2	Inducted w.e.f. 05.08.2011

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

**Remuneration Committee**

Since the project is under construction stage, the Remuneration Committee will be constituted after commissioning of the Project.

**Remuneration to Directors**

No Remuneration/Sitting Fee is being paid to any Part-time Official Directors. Excepting sitting fees of Rs.5,000/- for attending each Board/Committee Meeting, no other remuneration is being paid to the Independent Directors.

**Code of Conduct**

As required under the Guidelines on Corporate Governance for Central Public Sector Enterprises, the Board of Directors of the Company have laid down a Code of Conduct applicable for all Board Members and Senior Management Personnel of the Company. In this regard a declaration signed by the Chief Executive Officer (CEO) 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 31<sup>st</sup> March, 2012".



### General Body Meetings

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

Year	Date and Time	Venue
AGM 2008-2009	03.09.2009 – 16-30 hours	'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010.
AGM 2009-2010	02.09.2010 – 14-00 hours	-do-
AGM 2010-2011	12.09.2011 – 17-00 hours	-do-

### Special Resolution

No Special Resolution was passed in the previous three Annual General Meetings.

### 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 interest of the Company at large. No penalties, strictures have been imposed on the Company by any Statutory Authorities on any matters relating to any guidelines issued by the Government during the last three years. With regard to the details of administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses and reasons for increase, it is stated that presently the Company being under construction phase, the entire expenditure incurred during the construction period is being transferred to the Capital Work-in-Progress and capitalised on commissioning of the respective assets. On completion of the project and after commissioning of the unit, the aforesaid expenditure would come under the ambit of revenue and for the purpose of comparison as stated above.

### Means of Communication

Financial statement is being reviewed by the Board represented by both the Promoters. No communication was made through newspaper/website.

### General Shareholder information

**AGM: Date, Day, time and Venue** : 14<sup>th</sup> September, 2012, Friday, 16-00 Hours  
'Neyveli House', No.135, Periyar EVR High Road,  
Kilpauk, Chennai - 600 010.

### Project Location

Thermal Power Project (2x500 MW) under construction is situated at Harbour Estate, Tuticorin, Tamil Nadu.

### Audit Qualification

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

### Training of Board Members

The Directors on the Board are fully aware of the business module of the Company. No training programme was undertaken by the Company for any Director during the year 2011-12.

### Whistle Blower Policy

Your Company being the Subsidiary Company of NLC Limited, the activities of the Company come within the ambit of Vigilance Branch, headed by Chief Vigilance Officer/NLC. The Vigilance Branch is functioning under the overall guidance of the Central Vigilance Commission.

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**R. GOPALAKRISHNAN & CO**

Chartered Accountants

No.13 (Old No.7), Arcot Street, T. Nagar, Chennai-600 017.

**CORPORATE GOVERNANCE CERTIFICATE**

To

The Members,

NLC Tamil Nadu Power Limited

1. We have examined the compliance of conditions of Corporate Governance by NLC Tamil Nadu Power Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in the Guidelines of Corporate Governance notified by Department of Public Enterprises (DPE) in respect of non-listed Central Public Sector Enterprises.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the guidelines notified by DPE. It is neither an audit nor an expression of opinion on the financial statement of the Company.
3. Clause 3.1.4. of the above Guidelines stipulates that at least 1/3<sup>rd</sup> of the Board Members should be Independent Directors. Upto 4<sup>th</sup> August, 2011 there was only one Independent Director on the Board of Directors of the Company as against the minimum requirement of three Independent Directors. Subsequent to the appointment of two more Independent Directors by the Government, the Company has complied with the minimum requirement of three Independent Directors in the Board as per above guidelines.
4. Clause 4.1.1. of the above Guidelines stipulates 2/3<sup>rd</sup> of the members of the Audit Committee shall be Independent Directors. Upto 4<sup>th</sup> August, 2011 there was only one Independent Director in the Audit Committee and as such the strength of the Independent Directors in the Audit Committee was only to the extent of 1/3<sup>rd</sup> against the requirement as stated above. Subsequent to the induction of two Independent directors, the Company has complied with the minimum requirement of Independent Directors in the composition of Audit Committee as per the above guidelines.
5. Subject to our observation in Para (3) and (4) above, in our opinion and to the best of information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Guidelines of Corporate Governance notified by the DPE.
6. 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 R. Gopalakrishnan & Co.,**

Chartered Accountants

Firm Regn. No. 000972S

**G. Ananthan**

Partner

M.No. 021916

Place : Chennai

Date : 08.05.2012



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF  
NLC TAMILNADU POWER LIMITED, CHENNAI FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012.**

The preparation of financial statements of **NLC Tamilnadu Power Limited, Chennai** for the year ended 31<sup>st</sup> March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 08.05.2012.

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

**S.RAJANI**

Place : Chennai  
Dated : July 3, 2012

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI



**R. GOPALAKRISHNAN & CO**

Chartered Accountants

No.13 (Old No.7), Arcot Street, T. Nagar, Chennai-600 017.

**AUDITOR'S REPORT**

We have audited the attached Balance Sheet of **M/s NLC TAMILNADU POWER LIMITED**, as at 31<sup>st</sup> March, 2012, the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012 and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of such books;
  - (c) The Balance Sheet & Profit and Loss account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the companies Act 1956;
  - (e) In terms of Government of India, Ministry of Finance, Department of Company Affairs Notification No. GSR 829 (E) dated 21<sup>st</sup> October, 2003, Government Companies are exempt from the applicability of provisions of Section 274 (1) (g) of the Companies Act, 1956;



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting policies and other notes thereon give the information required by Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India;
- (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
  - (ii) In the case of the Profit and Loss Account, there is no profit / loss for the year ended on that date due to transfer of revenue expenses / income during the construction period to Capital Work-in-Progress; and
  - (iii) In case of Cash Flow Statement, of the Cash flows for the year ended on that date.

**For R. Gopalakrishnan & Co.,**  
Chartered Accountants  
Firm Regn. No. 000972S

**G. Ananthan**  
Partner  
M.No. 021916

Place : Chennai  
Date : 08.05.2012



**R. GOPALAKRISHNAN & CO**

Chartered Accountants

No.13 (Old No.7), Arcot Street, T. Nagar, Chennai-600 017.

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE**

**M/s NLC TAMILNADU POWER LIMITED**

1. In respect of its fixed assets:
  - a. The Company has maintained proper records in ORACLE FIXED ASSET MODULE showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year.
  - c. In our opinion, the Company has not disposed of substantial part of the fixed assets during the year and the going concern status of the Company is not affected.
  - d. None of the fixed assets have been revalued during the year.
2. In respect of its inventories:

The Company does not have any inventories.
3. The Company has not granted loans to Companies covered in the Register maintained under Section 301 of the Companies act, 1956. The Company has not borrowed money from the parties listed under Section 301 of the Companies Act, 1956.
4. 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 fixed assets. During the course of audit, we have not observed any major weakness in the internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. The Company has not granted / taken any loan from Companies, firms and other parties listed under Section 301 of the Companies Act, 1956.
  - b. There are no transactions of purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000/- (Rupees Five lacs only) or more in respect of any party.
6. In our opinion and according to the information and explanations given to us, the provisions of Section 58A and Section 58 AA of the Companies Act and the Companies (Acceptance of Deposit) Rules 1975 is not applicable to the Company at present.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.



9. In respect of statutory dues:
- According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income Tax, works contract tax and other statutory dues.
  - According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, provident fund and works contract tax were outstanding as at 31<sup>st</sup> March, 2012, for a period of more than six months from the date they became payable.
  - According to the records of the Company, there are no dues of works contract tax, income tax, customs tax/wealth-tax, excise duty/cess which have not been deposited on account of any dispute.
10. The Company as on 31.03.2012 has an accumulated loss to the extent of Rs.4.12 lacs attributable to pre-incorporation expenses. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit / society. Therefore the clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has raised term loans during the year and the same were applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
18. During the year the Company has not made any preferential allotment of shares.
19. The Company has not issued any kind of Debentures.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For R. Gopalakrishnan & Co.,**  
Chartered Accountants  
Firm Regn. No. 000972S  
**G. Ananthan**  
Partner  
M.No. 021916

Place : Chennai

Date : 08.05.2012



**SIGNIFICANT ACCOUNTING POLICIES**

**I. Fixed Assets**

Fixed Assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of taxes, duties, freight, installation and allocated incidental expenditure during construction/ acquisition and necessary adjustments in the year of final settlement.

**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 the rates prescribed by Bureau of Public Enterprises.
iii) Buildings: Non-residential Buildings Roads Plant & Machinery: Workshop machinery and Civil construction machinery. Furniture and Equipment	At technically assessed rates.
iv) Other Assets	At the 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 basis (iv).

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



**5. 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**

- i) At the lower of cost and net realisable value.
- ii) Goods-in-Transit including goods received but pending inspection / acceptance are valued at cost.
- iii) Waste products, used belts reconditioned, Stores & Spares discarded for disposal and canteen stores are taken at Nil value.

**V. Prepaid expenses**

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

**VI. Investments**

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

**VII. 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.



**VIII. 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.

**IX. 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.

**X. 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.

**XI. Borrowing Cost**

Borrowing cost (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 cost are recognised as expenses in the period in which they are incurred.

**XII. Construction Projects**

**1. Capitalisation and Depreciation Provision:**

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.**



**NLC TAMILNADU POWER LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

**(Rs.in lakh)**

Sl. No.	Particulars	Note No.	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1.Shareholders' Fund</b>			
	(a) Share Capital	1	50000.00	50000.00
	(b) Reserves and Surplus	2	(4.12)	(4.12)
	<b>2. Share Application money pending for allotment</b>	3	34150.00	0.00
	<b>3.Non - Current Liabilities</b>			
	(a) Long Term Borrowings	4	193889.79	111000.00
	(b) Other Long Term Liabilities	5	25185.37	12801.78
	<b>4.Current Liabilities</b>			
	Other Current Liabilities	6	23900.71	12448.49
	<b>TOTAL</b>		<b>327121.75</b>	<b>186246.15</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1.Non - Current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	7	6472.25	5327.46
	(ii) Intangible Assets	8	0.00	0.00
	(iii) Capital Work-in-Progress	9	301707.74	152907.45
	(b) Long Term Loans & Advances	10	17233.70	27458.04
	<b>2. Current Assets</b>			
	(a) Cash and cash Equivalents	11	1203.34	91.00
	(b) Short Term Loans and Advances	12	504.72	462.20
	<b>TOTAL</b>		<b>327121.75</b>	<b>186246.15</b>

The Notes referred to above and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

For and on behalf of the Board

**R. JAYASARATHY**  
COMPANY SECRETARY

**J. MAHILSELVAN**  
DIRECTOR

**A.R. ANSARI**  
CHAIRMAN

Place : Chennai

Date : 08.05.2012

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

**For R.Gopalakrishnan & Co.,**  
Chartered Accountants  
Firm Regn.No.000972 S

**G.Ananthan**  
Partner  
M.No.021916

Place : Chennai  
Date : 08.05.2012

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012 (Rs.in lakh)**

Sl. No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
I	OTHER INCOME	1	0.00	0.00
II	TOTAL REVENUE		<u>0.00</u>	<u>0.00</u>
III	EXPENSES			
	Employees' Benefit Expenses	2	0.00	0.00
	Finance Cost	3	0.00	0.00
	Depreciation and Amortisation Expenses	4	0.00	0.00
	Other Expenses	5	0.00	0.00
IV	TOTAL EXPENSES		<u>0.00</u>	<u>0.00</u>
V	PROFIT/(LOSS) FOR THE PERIOD		0.00	0.00
VI	PRIOR PERIOD ADJUSTMENTS	6	0.00	0.00
VII	PROFIT/(LOSS) AFTER PRIOR PERIOD ADJUSTMENTS		<u>0.00</u>	<u>0.00</u>

The Notes referred to above and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.

For and on behalf of the Board

**R. JAYASARATHY**  
COMPANY SECRETARY

**J. MAHILSELVAN**  
DIRECTOR

**A.R. ANSARI**  
CHAIRMAN

Place : Chennai

Date : 08.05.2012

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

For R.Gopalakrishnan & Co.,

Chartered Accountants  
Firm Regn.No.000972 S

**G.Ananthan**  
Partner  
M.No.021916

Place : Chennai  
Date : 08.05.2012



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**

(Rs.in lakh)

Particulars	For the year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	0.00	0.00
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1408.05)	(1067.02)
Advance for Capital items	10224.34	2673.23
Capital Work-in-Progress	(122936.74)	(82828.15)
Increase / Decrease in CWIP due to FE fluctuation	(96.35)	2.32
Interest Received	9.72	1.73
Net Cash used in investing activities	(114207.08)	(81217.89)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Loan	82889.79	77605.82
Non-Current Liabilities - Other Long Term Liabilities	12383.59	6202.11
Issue of Shares	0.00	4500.00
Share Application money pending for allotment	34150.00	0.00
Interest Paid	(14103.96)	(7183.81)
Net Cash received in financing activities	115319.42	81124.12
Net Cash increase / decrease in Cash and Cash Activities	1112.34	(93.77)
Cash and cash equivalents as at the beginning of the year	91.00	184.77
Cash and cash equivalents as at the end of the year	1203.34	91.00

Note:- ( ) indicates cash outflow

For and on behalf of the Board

**R. JAYASARATHY**  
COMPANY SECRETARY

**J. MAHILSELVAN**  
DIRECTOR

**A.R. ANSARI**  
CHAIRMAN

Place : Chennai

Date : 08.05.2012

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

**For R.Gopalakrishnan & Co.,**  
Chartered Accountants  
Firm Regn.No.000972 S

**G.Ananthan**  
Partner  
M.No.021916

Place : Chennai

Date : 08.05.2012



**NOTES TO BALANCE SHEET**

**1. SHARE CAPITAL**

(Rs in lakh)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>(a) Authorised</b> 180,00,00,000 Equity Share of Rs. 10/each	180000.00	180000.00
<b>(b) Issued, Subscribed and Paid-up</b> 50,00,00,000 Equity Share of Rs. 10/- each fully paid up	50000.00	50000.00
a) Number of Shares at the beginning and end of 2011-12 is 50,00,00,000. b) The number of shares held by NLC Ltd., and TANGEDCO is 44,50,00,000 and 5,50,00,000 respectively.		

**2. RESERVES AND SURPLUS**

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Reserves and Surplus	(4.12)	(4.12)
The negative balance under 'Reserves and Surplus' represents 'Pre-incorporation expenses'.		

**3. SHARE APPLICATION MONEY PENDING FOR ALLOTMENT**

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Share Application money pending for allotment	34150.00	0.00
Share Application money pending for allotment received from NLC Ltd., and TANGEDCO was Rs. 326,50,00,000 and Rs. 15,00,00,000 respectively.		

**4. LONG TERM BORROWINGS**

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Secured Long Term Borrowings</b> Term Loans from Banks	193889.79	111000.00
a) The Term Loan of Rs. 250000 Lakhs is secured by pari-passu charge on project fixed assets financed. b) Repayment of Loan is in twenty (20) equal half-yearly consecutive instalments starting from November, 2013.		

**5. OTHER LONG TERM LIABILITIES**

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Others-Liability towards Retention Money	25185.37	12801.78



NOTES TO BALANCE SHEET

6. OTHER CURRENT LIABILITIES

(Rs in lakh)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Sundry Creditors and Accrued Expenses	746.96	647.11
Liabilities for Capital works	21322.70	11051.67
Other Liabilities	1829.95	749.71
Interest Accrued	1.10	0.00
	<u>23900.71</u>	<u>12448.49</u>

7. FIXED ASSETS - Tangible Assets

Description	Gross Cost				Depreciation			Net Value		
	As at 31.03.2011	Additions/ Transfers	Deletions/ Transfer/ Adj't	As at 31.03.2012	As at 31.03.2011	Withdrawals Transfer/ Adj't	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Lease Hold Land	4835.51	193.42	0.00	5028.93	591.01	0.00	191.27	782.28	4246.65	4244.50
Buildings	629.53	416.26	0.00	1045.79	7.57	0.00	11.72	19.29	1026.50	621.96
Electrical Installations	0.00	370.60	0.00	370.60	0.00	0.00	34.24	34.24	336.36	0.00
Water Supply	59.43	1.48	0.00	60.91	1.65	0.00	3.60	5.25	55.66	57.78
Plant & Machinery	386.58	257.78	0.00	644.36	19.03	0.00	1.46	20.49	623.87	367.55
Furniture & Equipment	34.73	156.44	0.00	191.17	3.20	0.00	8.43	11.63	179.54	31.53
Vehicles	4.97	0.00	0.00	4.97	0.83	0.00	0.47	1.30	3.67	4.14
Assets costing Rs. 5000 and below	2.92	3.30	0.00	6.22	2.92	0.00	3.30	6.22	0.00	0.00
<b>Total</b>	<b>5953.67</b>	<b>1399.28</b>	<b>0.00</b>	<b>7352.95</b>	<b>626.21</b>	<b>0.00</b>	<b>254.49</b>	<b>880.70</b>	<b>6472.25</b>	<b>5327.46</b>
Previous Year	4886.65	1067.02	0.00	5953.67	435.97	0.00	190.24	626.21	5327.46	

8. FIXED ASSETS -Intangible Assets

Description	Gross Cost				Depreciation			Net Value		
	As at 31.03.2011	Additions/ Transfers	Deletions/ Transfer/ Adj't	As at 31.03.2012	As at 31.03.2011	Withdrawals Transfer/ Adj't	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Computer Software	0.00	8.77	0.00	8.77	0.00	0.00	8.77	8.77	0.00	0.00

9. CAPITAL WORK-IN-PROGRESS (CWIP)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Revenue Expenditure transferred to CWIP	29177.04	12436.18
Capital Work-in-Progress : Value of Supply, Erection etc.,	272530.70	140471.27
	<u>301707.74</u>	<u>152907.45</u>



**NOTES TO BALANCE SHEET**

(Rs in lakh)

CWIP includes Value of Supply, Erection etc., of following major Package Contracts			
Particulars		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
a	Main Plant - TA 1	195010.23	100783.87
b	Coal Handling System - TA 2	41438.57	27825.14
c	Ash Handling System - TA 3	1623.21	0.00
d	Circulating Water System - TA 4	2581.60	567.45
e	RO/DM and Effluent Plant - TA 5	4535.70	251.00
f	RCC Chimney - TA 6	3080.85	83.72
g	Natural Draught Cooling Tower - TA 7	4768.69	605.45
h	Switch Yard - TA 8	6167.99	4034.80
i	Power Transformers - TA 9	3550.36	0.00
j	Roads	1152.44	667.79
k	Enabling Works	2828.62	2952.52
l	North Cargo Berth	4388.47	1388.95
m	Area illumination	143.45	0.00
n	Consultancy	523.22	400.36
o	Others	737.30	910.22
		<u>272530.70</u>	<u>140471.27</u>
Capital Work-in-Progress includes Capital Goods in transit		3201.08	4940.97

**10. LONG TERM LOANS & ADVANCES**

Particulars		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
a	Main Plant - TA 1	12480.07	20813.85
b	Coal Handling System - TA 2	857.42	1916.30
c	Ash Handling System - TA 3	291.19	449.50
d	Circulating Water System - TA 4	504.68	693.13
e	RO/DM and Effluent Plant - TA 5	1165.08	1533.87
f	RCC Chimney - TA 6	328.66	282.98
g	Natural Draught Cooling Tower - TA 7	785.97	568.33
h	Switch Yard - TA 8	56.46	246.07
i	Power Transformers - TA 9	574.72	888.29
j	Others	189.45	65.72
		<u>17233.70</u>	<u>27458.04</u>

**11. CASH AND CASH EQUIVALENTS**

Particulars		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
With Scheduled Bank in Current Accounts:			
	Canara Bank, Kilpauk, Chennai	1000.33	0.53
	Canara Bank, Tuticorin	0.00	0.05
	Bank of Baroda, Tuticorin	124.46	58.48
	State Bank of India, Tuticorin	78.55	32.14
		<u>1203.34</u>	<u>91.00</u>



NOTES TO BALANCE SHEET

12. SHORT TERM LOANS AND ADVANCES

(Rs in lakh)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Advances recoverable in cash or in kind or for value to be received		
Unsecured		
Considered Good	497.75	454.26
Tax Deducted at Source	6.97	7.94
	<u>504.72</u>	<u>462.20</u>

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
13. Contingent Liability exists in respect of		
a) Service tax on Lease Hold Land for the construction of Power Project	400.37	400.37
b) Bank Guarantee for Commitment Guarantee	1860.00	1860.00
14. Estimated Value of Contracts remaining to be executed on capital accounts not provided for	225688.46	313504.57
15. The effect of foreign exchange fluctuation during the year is as under: Increase in Capital Work-in-Progress on account of Exchange rate difference due to exercise of option in terms of para 46 of AS 11 of Companies (Accounting Standards) Rules, 2006	94.02	(2.32)
16. The payment in Foreign Currency during the year towards Capital Goods - Value of imports of GIF	1768.29	5541.35

17. 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 Shri. A.R. Ansari	Directors
	Shri. T. Jeyaseelan
	Shri. P. Soma Shekar Reddy
	Shri. K. Sekar
	Shri. R. Kandasamy
	Shri. J. Mahilselvan

ii) Transactions during the year with related parties :

Remuneration to Directors listed in (i) (a) above is NIL

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



**NOTES TO PROFIT AND LOSS ACCOUNT**

**1. OTHER INCOME**

(Rs. in lakh)

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Interest	9.72	1.73
Rent Recovered	6.78	22.28
Liquidity Damages Recovered	0.84	0.25
Tender Forms Sales	4.46	7.62
Others	0.51	0.15
	<u>22.31</u>	<u>32.03</u>
Less: Transferred to Capital Work-in-Progress Accounts	<u>22.31</u>	<u>32.03</u>
	0.00	0.00

**2. EMPLOYEES' BENEFIT EXPENSES**

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Salaries, Wages and Incentives	1152.65	674.08
Contribution to Provident and Other Funds	286.04	48.56
Gratuity	36.34	14.70
Welfare Expenses	13.20	6.66
	<u>1488.23</u>	<u>744.00</u>
Less: Transferred to Capital Work-in-Progress Accounts	<u>1488.23</u>	<u>744.00</u>
	0.00	0.00

**3. FINANCE COST**

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Interest on Term Loan	14105.07	6274.73
Interest - Others	0.00	300.95
Other Financial Charges	0.00	599.86
	<u>14105.07</u>	<u>7175.54</u>
Less: Transferred to Capital Work-in-Progress Accounts	<u>14105.07</u>	<u>7175.54</u>
	0.00	0.00

Borrowing Cost Capitalised during the year 2011-12 and 2010-11 is Rs.14105.07 lakh and Rs. 7175.54 lakh respectively.

**4. DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Depreciation and Amortisation Expenses	263.26	190.24
Less: Transferred to Capital Work-in-Progress Accounts	<u>263.26</u>	<u>190.24</u>
	0.00	0.00



## NOTES TO PROFIT AND LOSS ACCOUNT

## 5. OTHER EXPENSES

(Rs. in lakh)

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Petrol & Diesel	8.17	4.43
Rent	2.66	29.41
Licence Fee	6.60	0.11
Repairs & Maintenance	57.14	20.42
Travelling Expenses	73.50	67.00
Payment to Auditors:		
Audit Fees	0.79	0.44
Audit Certification Fees	0.06	0.05
Out of Pocket Expenses	0.16	0.14
Power Charges	567.62	235.27
Water Charges	109.15	82.28
Miscellaneous Expenses	114.91	93.41
	<u>940.76</u>	<u>532.96</u>
Less : Transferred to Capital Work-in-Progress Accounts	<u>940.76</u>	<u>532.96</u>
	0.00	0.00

## 6. PRIOR PERIOD ADJUSTMENTS

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Rent	(273.12)	0.00
Less: Transferred to Capital Work-in-Progress Accounts	<u>(273.12)</u>	<u>0.00</u>
	0.00	0.00

## 7. PAYMENT IN FOREIGN CURRENCY

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Professional Fees	<u>76.85</u>	<u>22.45</u>
Others	0.00	1.05

## 8. REMUNERATION TO DIRECTORS

Particulars	For the Year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
Salaries and Contribution to Provident and other Funds	<u>0.00</u>	<u>0.00</u>
Sitting fees to Independent Directors	0.95	0.80

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



## **NLC TAMILNADU POWER LIMITED**

Registered Office : 'Neyveli House', No.135, Periyar EVR High Road,  
Kilpauk, Chennai - 600 010.