



NLC TAMILNADU POWER LIMITED

**8th Annual Report
2013 - 2014**

Vision

"To strive for operational excellence in Power Generation and to emerge as environmental friendly and socially responsible leading Power Company".

Mission

- i. To strive towards greater cost competitiveness and work towards continued financial strength ;
- ii. To continually imbibe best practices from the best Indian and International Organisations engaged in Power Generation ;
- iii. To play an active role in society and be sensitive to emerging environmental issues.

**CHAIRMAN**

Shri. B. Surender Mohan

DIRECTORS

Shri. Rakesh Kumar

Shri. S. Rajagopal

Shri. S. Boopathy

Shri. P. Annadurai

Shri. Manoj Kumar Sharma

Prof. P. Mannar Jawahar

Prof. T. Kumar

CHIEF EXECUTIVE OFFICER

Shri. C. Ramachandran

CHIEF FINANCIAL OFFICER

Shri. V. Udayasankar

COMPANY SECRETARY

Shri. R. Jayasarathy

REGISTERED OFFICE

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

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

Central Bank of India

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DIRECTORS' REPORT FOR THE YEAR 2013-2014

To
The Members,
NLC Tamil Nadu Power Limited

Your Directors have great pleasure in presenting the Eighth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2014.

Project

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

Land

V.O. Chidambaranar Port Trust (VOCPT) - formerly Tuticorin Port Trust (TPT) has allotted their Land admeasuring 127.465 hectares for implementation of the above Thermal project and also for housing colony. In this regard Long term Lease Agreement for 30 years has been entered into between the Company and VOCPT. 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. As some the private land owners have raised objections, GoTN has accorded revised administrative sanction on 13.08.2013 for acquiring lands under the provisions of Tamil Nadu Industrial Purpose Act, 1997.

Status of Project Implementation

The contract for Main Plant Package of Steam Generator, Turbo Generator and Electrostatic Precipitator, has been awarded to BHEL. Hydro test for Unit-I Boiler and Unit-II Boiler have been completed in September 2012 and November 2012 respectively. Boiler light up of Unit-I was completed on 19.03.2014 and the pre-commissioning activities are in process.

Erection works in respect of other major packages viz. Coal Handling System, Ash Handling System, Circulating Water System, Desalination and Water Treatment plant, Bi-flue Chimney, Natural Draft Cooling Tower and Power Transformer are all under progress. 220KV & 400KV GIS Switch Yard energized during February 2014 & March 2014 respectively.

In respect of coal washery and logistics LOA was issued to M/s.Sical Logistics Limited. 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 handed over to the Company on 04.10.2012. The Project Consultancy Contract has been entrusted with MECON Limited.

The cumulative expenditure incurred for the Project up to 31.03.2014 is Rs. 5191.62 crore. The overall physical progress of the project as on 31.03.2014 is at 83.36% as against the target of 99.83%.

Miscellaneous Works

The works in respect of, Shore Unloaders, Fire protection system, Circulating water make up system and out fall system, Sea water RCC intake channel and out fall pipeline, Hydrogen Generation Plant, Storm water pumping arrangement, Inter plant communication and Non - Residential Building (Township) are in progress.

Works in respect of construction of compound wall, approach roads, security office, and administrative office, construction of guest house & construction of residential quarters (Township) have been completed.

Coal Linkage

Your Company has signed Fuel Supply Agreement (FSA) with Mahanadi Coalfields Limited (MCL), the Subsidiary Company of Coal India Limited, on 24.09.2013 for the supply of 3.0 million ton per annum (MTPA) of Coal for this project. Apart from the said FSA quantity, the Company required about 1.854 MTPA of coal for its full load operation of both the Units and initiated procurement action for import of 1.00 million ton of Coal initially.

Environmental Clearance for the project

Ministry of Environment and Forest (MoE&F) has extended Environmental clearance issued on 13.06.2007, for a further period of 5 years. (i.e. up to 12.06.2017) by stipulating additional conditions. One of the stipulations in the Environmental clearance issued by MoE&F is to obtain clearance under Wildlife (Protection) Act, 1972 and the same is being followed up. The proposal for the Wildlife Clearance for the Project was listed in the 28th meeting of the Standing Committee of National Board for Wildlife (NBWL) held on 20.03.2013. The proposal was not considered by the Committee, since the recommendation of the State Board for Wildlife (SBWL) was not available, as no such Board was in existence in Tamilnadu in that instance. Subsequently, Government of Tamilnadu has reconstituted the State Board for wild life (SBWL) vide GO. No.178 dt. 06.11.2013 and the reconstituted SBWL have to consider the Company proposal for its recommendation to Standing Committee of National Board for Wildlife (NBWL) for obtaining the wildlife clearance of the project. Expert Appraisal Committee (EAC) for Infrastructure Development, Coastal Regulation Zone and Miscellaneous Projects has recommended for issuance of clearance for the project under Coastal Regulation Zone (CRZ) Notification 1991. MoE&F has accorded CRZ Clearance for the Project Subject to Compliance of certain conditions.



Forest Land clearance

About 59 hectares out of the 127.465 hectares of land leased out for the project by VOC Port Trust indicated as "KAADU" in the revenue record. Since the land in question was in long possession of Port Trust, VOCPT has filed an Interlocutory Application (IA) before the Hon'ble Supreme Court of India, with prayer for direction to the Revenue Department, Government of Tamilnadu to change the Revenue Records from 'Kaadu' to 'V.O. Chidambaranar Port Trust Land'. After considering the recommendation of the Central Empowered Committee (CEC) of the Supreme Court, the Hon'ble Supreme Court in its order permitted that pending grant of approval under Section 2 of the Forest (Conservation) Act, 1980 for de-reservation of the reserved forest land (excluding mangroves areas) its continued non-forest use including for construction of 2x500 MW Thermal Power Station by NTPL subject to the application for seeking approval under the aforesaid act be made by VOCPT and depositing the minimum net present value (NPV) prescribed by the Hon'ble Supreme Court.

Pursuant to the Hon'ble Supreme Court order, VOC Port Trust has submitted application to the Conservator of Forest, Tirunelveli for seeking approval under section 2 of the Forest (Conservation) Act, 1980 for the de-reservation of the forest land of 457.25 Hectares and deposited an amount of Rs.20.03 crore being minimum NPV for 457.25 Hectares of land to the fund of "Compensatory Afforestation Fund Management and Planning Authority" (CAMPA) and as mutually agreed, the Company has paid Rs.10.01 crore being 50% of the minimum NPV of the forest land to VOCPT as a repayable advance.

Project Funding

As revised project cost estimate was submitted to the Ministry of Coal for its approval due to increase in Project cost on account of price escalation, exchange rate variation and other factors. Vide Lr. No 43011/05/2013-CPAM dt 09.12.2013, the Revised Cost Estimate (RCE) of Rs.6602.74 crore (June-2013 base) has been approved by the Government of India after considering the revised COD of Unit I & Unit II in February 2014 and May 2014 respectively. Thus, the project cost has increased by Rs.1693.20 crore over the original sanctioned cost of the project is Rs.4909.54 crore. As per the funding pattern in the ratio of 70:30 (debt and equity), the additional debt and equity requirement works out to Rs.1184.92 crore and Rs.508.28 crore respectively. In order to meet out the debt funding of the project, an interest bearing bridge loan of Rs.1184.92 crore has been tied up with NLC Ltd for a maximum period of 12 months from the date of disbursement. The total loan drawn from NLC Ltd as on 31.03.2014 is Rs.204.40 crore. Further equity shares of Rs.508.82 crore were offered to the Promoters on Right basis, as against the above right issue as on 31.03.2014, Rs.87.60 crore has been received from NLC Ltd.



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 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 31.03.2014 are as under:

(Rs. in lakh)

	2013-14	2012-13
I EQUITY AND LIABILITIES		
Share Capital	147200.00	120000.00
Reserves and Surplus	(4.12)	(4.12)
Share Application money pending for Allotment	8760.00	4200.00
Long Term Borrowings	343700.00	289000.00
Other Long Term Liabilities	0.00	38309.71
Other Current Liabilities	79175.53	21953.67
Total	578831.41	473459.26
II ASSETS		
Fixed Assets	7336.39	6341.06
Capital Work-in-progress	565572.96	457624.07
Loan Term Loans & Advance	0.00	8735.75
Current Assets:-		
i.Cash and Bank Balances	938.09	344.99
ii.Short Term Loans and Advances	4983.97	413.39
Total	578831.41	473459.26

Energy Conservation and Research & Development

Energy Conservation

6 nos. of Automatic Power Factor Controllers have been installed including NTPL Township thereby maintaining the power factor above the recommended value of 0.9 has resulted savings of Rs.11.80 lakh. Due to the installation of Automatic Power Factor Controller, the maximum demand has reduced by around 10% with the advantage of maintaining the voltage level.

Research & Development

Not applicable as the project is under implementation.



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.

Corporate Social Responsibility (CSR)

During the year, greenery development works were taken up in the outside premises of the Company for a total area of 1367 sqm at a cost of Rs.9 lakh approximately.

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 the Auditor Certificate on the compliance of Corporate Governance conditions stipulated as per DPE Guidelines on Corporate Governance are furnished in Annexure-2 & 3 respectively.

Auditor

Statutory Audit

M/s. R.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 2013-14, under Section 619 (2) of the Companies Act, 1956. The Board of Directors of the Company have fixed Rs.70,000/- plus applicable service tax as the Statutory Audit fees for the year 2013-14 in addition to reimbursement of out of pocket expenses at actual.

C&AG Comments

C&AG Comments on the accounts for the year ended 31st March,2014 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the construction expenditure incurred for that period;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a going concern basis.



Board of Directors

Sarvashri.R. Kandasamy and T.Jeyaseelan have relinquished as Directors of the Company with effect from 01.10.2013 and 29.01.2014 respectively.

Shri.S.Boopathy, Director (Planning & Project)/NLC, representing NLC and Shri. P.Annadurai Director/ Distribution & Project / TANDGEDCO, representing TANDGEDCO, have been inducted into the Board as Additional Directors with effect from 01.10.2013 and 29.01.2014 respectively.

The Board places on record its appreciation for the valuable guidance provided by Sarvashri R.Kandasamy and T.Jeyaseelan during their tenure as Directors on the Board of the Company. Shri B.Surender Mohan and Shri Rakesh Kumar, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Acknowledgement

The Board of Directors of your Company places on record 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, co-operation and continued support extended by the Government of TamilNadu, District Administration and the Statutory Authorities concerned. The co-operation and support by the Comptroller and Auditor General of India, the Statutory Auditors, 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 : Chennai.
Date : 22.07.2014

**B.SURENDER MOHAN
CHAIRMAN**



Management Discussion and Analysis Report

Industry Structure and Development

Power

The economic, industrial and infrastructure development of any country mainly depends on the adequate availability of reliable and quality power at an affordable cost to all users. Power Sector in India has made rapid growth in the installed capacity of power generation, transmission and distribution since Independence. The total power generation capacity increased from 1362 MW (year - 1947) to 243028.95 MW as on 31.03.2014. The demand for power has overtaken the available supply of power and our country is still facing power shortage despite manifold increase in power production over the years. As on 31.03.2014, the Generating installed capacity of Coal based Thermal Power stations in the country was 145273.39 MW, which is 59.78% of the total Installed capacity of 243028.95 MW. As electricity is one of the key factors for growth of the country, the Government of India has been taking efforts to fill the gap between the demand and supply of electricity requirement through policy initiatives and development of Ultra Mega Power Projects.

Demand

In our Country, during the year 2013-14 the power availability was 959614 MU as against the requirement of 1002045 MU with the deficit of 4.2% and in the peak hours the deficit was 4.5% at the power supply deficit of 6103 MW. In Southern region, during the year 2013-14 the power availability was 258404 MU as against the requirement of 277204 MU with the deficit of 6.8% and in the peak hours the deficit was 7.6% at the power supply deficit of 2967 MW. As per 18th Electric Power Survey of India, the electrical energy demand for the year 2016-17 is expected to be 1354874 MU with a peak electric load of 199540 MW. The consumption of power is anticipated to be increased in manifold due to rapid industrialisation, growth in population, increasing economic activity, infrastructure development etc.

Production

The aggregate all-India installed capacity of electric power generating stations as on 31.03.2014 was 243028.95 MW as against 223343.60 MW as on 31.03.2013. The electricity generation from all sources increased from 912.06 BU in 2012-13 to 966.38 BU in the year 2013-14 with a growth rate of 5.96%. As per XII Plan the capacity addition target is 88537 MW and as against the same, the achieved capacity upto March 2014 was 38447.81 MW (43.43%).

Strength

- The Company has a defined Vision, Mission and Objectives.
- The Promoter Companies viz. Neyveli Lignite Corporation Ltd.,(NLC) and Tamil Nadu Generation and Distribution Corporation Ltd., (TANGEDCO) have best exposure and expertise in implementation of power projects.
- Potential Demand for electric power.



- Good financial support.
- Experienced Management team with skilled manpower.
- Commitment to protect the stakeholder's interest.

Weakness

- Dependent on external supplier for supply of Coal.
- Delay in execution of the project by the contractors.
- Delay in obtaining statutory clearances.

Opportunities and Threats

Opportunities

- ⊗ Growing demand for power in the Country.
- ⊗ Supply electric power to meet the requirement of rural & urban locations continues to be the main thrust of the Government.
- ⊗ Advanced latest high efficiency technology for power sector which ensure lesser consumption of fuel and also maintain lesser emission levels.
- ⊗ Establishment of power Exchanges and unified Power Grid for ensuing better distribution of power from one region to another region.
- ⊗ Various concessions/reliefs to the power sector industries initiated by the Government of India, leads to accelerate the power generation in order to achieve the envisaged economic growth rate.

Threats

- ⊗ Limited domestic manufacturers of power equipments and their delay in completion of the work.
- ⊗ Volatility of Coal price, quality and also its inadequate availability.
- ⊗ Stringent norms being set by the Regulators.

Segment-Wise Performance

Company is not a multi-segmented Company.

Outlook

Power

Coal based Thermal Power Project

Your Company is presently implementing 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 appropriate time.

Risks and Concerns

- Delay in obtaining the Wildlife Clearance for the Project.
- Delay in implementation of the project, consequent to delay in supply and erection by the contractors.



- Delay in acquisition of required land for Ash Dyke.
- 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 due to increase in demand for power sector equipments / due to cost and time over run.
- Stringent operational norms prescribed by the Regulatory Authorities for the purpose of fixing the tariff.

Internal control systems and their adequacy

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. The Company has adequate internal control systems and procedures commensurate with its size and nature of business. Audit Committee monitors 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.

Power Tariff

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

Discussion on Financial Performance with reference to operational Performance

Covered in the Main Report.

Material developments in Human Resources and Industrial Relations front.

Human Resource

Human Resource is considered as the prime resources for the success of the organisation and hence utmost priority is given for the development of Human Resource by conducting in-house training. The total manpower deployed in the Company as on 31.03.2014 was 151.

Industrial Relation

Industrial relations scenario was generally cordial and peaceful during the year 2013-14.



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
		9

The composition of Board of Directors of the Company as on 31.03.2014 was not in conformity with the composition as approved by the Government of India since the formal notification for the appointment of one Independent Director from NLC Board is awaited from the Ministry of Coal.

Sl. No.	Name (Sarvashri)	Other Directorships held as on 31.03.2014	Other Committee* Membership held as on 31.03.2014	
			As Member	As Chairman
	Directors representing NLC			
1	B. Surender Mohan	2	-	-
2	Rakesh Kumar	2	1	-
3	S. Rajagopal	2	-	-
4	S. Boopathy	2	1	-
	Director representing TANGEDCO			
5	P. Annadurai	6	-	-
	Director representing Ministry of Coal			
6	Manoj Kumar Sharma	-	-	-
	Independent Directors			
7	Prof. P. Mannar Jawahar	-	-	-
8	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, 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 high value capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments (other than Short-term Investments), borrowings and all policy decisions including policy relating to all personnel matters are decided only at the Meetings of the Board/ Sub-committee of the Board as the case be applicable.

Date of Board Meetings and Directors' Attendance

During the financial year 2013-2014 five meetings of the Board of Directors were held on the following dates:-

10th May, 2013, 17th July, 2013, 11th October, 2013, 17th December, 2013, and 11th March, 2014. 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 2013-14 were as under:-

Name (Sarvashri)	No. of Meetings attended out of 5 held	Remarks
B. Surender Mohan	5	
R. Kandasamy	2	Relinquished w.e.f. 01.10.2013
Rakesh Kumar	5	
S. Rajagopal	5	
S.Boopathy	3	Inducted w.e.f. 01.10.2013
T. Jeyaseelan	2	Relinquished w.e.f. 29.01.2014
P. Annadurai	1	Inducted w.e.f. 29.01.2014
Manoj Kumar Sharma	5	
Prof. P. Mannar Jawahar	4	
Prof .T. Kumar	4	

General Meeting Attendance

Shri B. Surender Mohan, Chairman, Sarvashri R. Kandasamy, Rakesh Kumar T. Jeyaseelan, S. Rajagopal, Directors and Prof. T.Kumar, Chairman, Audit Committee attended the last Annual General Meeting held on 6th September, 2013.

**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. The Sub-Committee also to accord approval for short-listing of tenders, qualification of bidders on PQR & techno-commercial conditions, placement of orders & entering into consultancy contracts as per the delegation granted by the Board. Presently this Committee comprises Shri B. Surender Mohan, as its Chairman and Sarvashri S. Boopathy, Rakesh Kumar, S.Rajagopal and P. Annadurai, Directors as its Members.

Audit Committee

Presently this Committee comprises Prof T. Kumar, Prof P. Mannar Jawahar and Shri S. Boopathy Directors as its Members. The terms and reference of the Audit Committee conform to the requirements of Section 292 of the Companies Act, 1956 and DPE Guidelines.

The details of attendance of members at the Audit Committee Meetings of the Company held during the year 2013-2014 were as under :

Name (Sarvashri)	No. of Meetings attended out of 4 held	Remarks
Chairman of the Committee		
Prof T.Kumar	4	
Members		
R. Kandasamy	2	Relinquished w.e.f. 01.10.2013
S.Boopathy	2	Inducted w.e.f. 01.10.2013
Prof P.Mannar Jawahar	2	

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

Corporate Social Responsibility Committee

Presently this Committee comprises Prof P.Mannar Jawahar Sarvashri Rakesh Kumar, S.Rajagopal, P.Annadurai and S.Boopathy Directors as its Members. The Scope of Committee is to meet with the requirements of Companies Act, 2013 and DPE Guidelines.

Nomination and Remuneration Committee

Presently this Committee comprises Prof P.Mannar Jawahar, Prof T.Kumar, Sarvashri Rakesh Kumar and S.Rajagopal Directors as its Members in terms of the provisions of Companies Act, 2013 and DPE Guidelines. The scope of the Committee is limited to below the Board level employees.

Remuneration to Directors

No Remuneration/Sitting Fee is being paid to any Part-time Official Directors. Except 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 31st March, 2014".

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 2010-2011	12.09.2011 – 17-00 hours	'Neyveli House', No.135, Periyar EVR High Road, Kilpauk, Chennai-600 010.
AGM 2011-2012	14.09.2012 – 16-00 hours	-do-
AGM 2012-2013	06.09.2013 – 17-00 hours	-do-
EGM	17.12.2013 – 17-00 hours	Bhabha Hall, Scope Convention Centre, Scope Complex, Lodhi Road, New Delhi - 110 003.

Special Resolution

No Special Resolution under Section 31 of the Companies Act, 1956 was passed in the previous three Annual General Meetings.

However at the Extra-Ordinary Meeting of the Company held on 17.12.2013, the following Special Resolutions have been passed:

1. Alteration of Article 5 of Articles of Association for increase the authorised Capital to Rs.2500 crore.
2. Authorising the Board of Directors for borrowing u/s 180(1)(c) of the Companies Act,2013.
3. Authorising the Board of Directors for mortgaging assets to secure loans u/s 180(1)(a) of the Companies Act,2013.

Disclosures

The Company, during the year, has not entered into any transactions of material nature with the Directors of the Company that may have potential conflict with the 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 is being under construction phase, the entire expenditure incurred during the construction period is being transferred to the Capital Works-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.

Project Location

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

Audit Qualification

It is always the Company's endeavour to present unqualified financial statement.

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 the Directors during the year 2013-14.

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 the Chief Vigilance Officer/NLC. The Vigilance Branch is functioning under the overall guidance of the Central Vigilance Commission.



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 Tamilnadu Power Limited for the year ended 31st March, 2014 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. As the appointment of one Independent Director on the Board of the Company by NLC Board has been under progress, the composition of Board of Directors of the Company as on 31.03.2014 was not in conformity with the composition with regard to the appointment of one Independent Director on the Board of the Company by NLC Board as approved by the Ministry of Coal (MOC) vide Lr.No : 4301/454/2006/CPAM dt. 12.05.2008.
4. Clause 3.1.4. of the DPE guidelines stipulates that at least 1/3rd of the Board Members should be Independent Directors. Since the appointment of one Independent Director on the Board of the Company by NLC Board has been under progress, the composition of Board of Directors of the Company with regard to Independent Directors as on 31.03.2014 was not in conformity with DPE guidelines to that extent.
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

Place : Chennai
Date : 19.05.2014

G. Ananthan
Partner
M.No. 021916



**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 FOR THE YEAR ENDED 31ST MARCH, 2014.**

The preparation of financial statements of NLC Tamilnadu Power Limited for year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory 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 Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19.05.14.

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 for the year ended 31st March, 2014. 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.

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

Place : Chennai
Date : 16.07.14

G. SUDHARMINI
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.

INDEPENDENT AUDITOR'S REPORT

To the Members of NLC TAMILNADU POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **NLC TAMILNADU POWER LIMITED** ('the Company') which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - (e) In terms of Government of India, Ministry of Finance, Department of Company Affairs notification No, GSR 829(E) dated 21st October, 2003, Government Companies are exempt from the applicability of provisions of Section 274(1)(g) of the Companies Act, 1956.

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

Place : Chennai
Date : 10.05.2014

G. Ananthan
Partner
M.No. 021916



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 58AA of the Company 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 prescribed the maintenance of records by the Company under section 209 (1) (d) of the Companies Act, 1956 in respect of Thermal Power Station Units. The Company is yet to commence its commercial operation and we are of the opinion that reporting under this clause is not applicable for the year under audit.



9. In respect of statutory dues:
 - a. 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.
 - b. 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 31st March, 2014, for a period of more than six months from the date they became payable.
 - c. 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 31.03.2014 has an accumulated loss to the extent of Rs.4.12 lakh 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

Place : Chennai
Date : 19.05.2014

G. Ananthan
Partner
M.No. 021916



SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Accounting

The financial statements are prepared on accrual basis of accounting under historical cost, convention in accordance with generally accepted accounting principles, accounting standards, the relevant provisions of the Companies Act, 1956 and Electricity Act, 2003 to the extent applicable.

II. 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.

III. 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 Tipplers.	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: Workshop machinery and Civil construction machinery. Furniture and Equipment	At technically assessed rates.
iv) 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 (iv).

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



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.

IV. 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.

V. 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.

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. Accounting for Grants

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



IX. 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. Extraordinary items of value exceeding Rs.1crore 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.

X. 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.1crore and above in value is considered as significant.

XI. 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.

XII. 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 costs are recognised as expenses in the period in which they are incurred.

XIII. 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.



BALANCE SHEET AS AT 31ST MARCH, 2014 (Rs.in lakh)

Sl. No.	Particulars	Note No.	As at 31 st March 2014		As at 31 st March 2013	
I	EQUITY AND LIABILITIES					
	1. Shareholders' Fund					
	(a) Share Capital	1		147200.00		120000.00
	(b) Reserves and Surplus	2		(4.12)		(4.12)
	2. Share Application money pending for allotment	3		8760.00		4200.00
	3. Non-Current Liabilities					
	(a) Long Term Borrowings	4		343700.00		289000.00
	(b) Other Long Term Liabilities	5		0.00		38309.71
	4. Current Liabilities					
	Other Current Liabilities	6		79175.53		21953.67
	TOTAL			<u>578831.41</u>		<u>473459.26</u>
II	ASSETS					
	1. Non-Current Assets					
	(a) Fixed Assets					
	(i) Tangible Assets	7	7336.39		6341.06	
	(ii) Intangible Assets	8	0.00	7336.39	0.00	6341.06
	(iii) Capital Work-in-Progress	9		565572.96		457624.07
	(b) Long Term Loans & Advances	10		0.00		8735.75
	2. Current Assets					
	(a) Cash and cash Equivalents	11	938.09		344.99	
	(b) Short Term Loans and Advances	12	4983.97	5922.06	413.39	758.38
	TOTAL			<u>578831.41</u>		<u>473459.26</u>

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

RAKESH KUMAR
DIRECTOR

B.SURENDER MOHAN
CHAIRMAN

Place:Chennai

Date:19.05.2014

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 :19.05.2014



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014 (Rs.in lakh)

Sl. No.	Particulars	Note No.	For the year ended 31 st March 2014	For the year ended 31 st March 2013
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

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

RAKESH KUMAR
DIRECTOR

B.SURENDER MOHAN
CHAIRMAN

Place: Chennai

Date: 19.05.2014

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 : 19.05.2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014****(Rs.in lakh)**

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES	0.00	0.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1283.65)	(131.39)
Advance for Capital items	0.00	8497.95
Capital Work-in-Progress	(71229.80)	(109627.11)
Interest Received	636.61	256.17
Net Cash used in investing activities	(71876.84)	(101004.38)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan	54700.00	82610.21
Short Term Loan	20440.00	0.00
Issue of Shares	27200.00	35850.00
Share Application money pending for Allotment	4560.00	4200.00
Interest Paid	(34430.06)	(22514.18)
Net Cash used/received in financing activities	72469.94	100146.03
Net Cash increase/decrease in Cash and Cash Activities	593.10	(858.35)
Cash and cash equivalents as at the beginning of the year	344.99	1203.34
Cash and cash equivalents as at the end of the year	938.09	344.99

Note:- (-) indicates cash outflow

For and on behalf of the Board

R. JAYASARATHY
COMPANY SECRETARY

RAKESH KUMAR
DIRECTOR

B.SURENDER MOHAN
CHAIRMAN

Place: Chennai

Date: 19.05.2014

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 : 19.05.2014



NOTES TO BALANCE SHEET

1. SHARE CAPITAL

(Rs. in lakh)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(a) Authorised		
2500000000 Equity Share of Rs.10/-each	250000.00	180000.00
(b) Issued, Subscribed and Paid-up		
1472000000 Equity Share of Rs.10/- each fully paid up	147200.00	120000.00
Details of Shares Outstanding at the beginning and end of 2013-14		
(a) Number of Shares at the beginning of 2013-14		
(i) Neyveli Lignite Corporation Ltd.,	1068000000	445000000
(ii) TANGEDCO	132000000	55000000
Total	1200000000	500000000
(b) Number of Shares Allotted during of 2013-14		
(i) Neyveli Lignite Corporation Ltd.,	242080000	623000000
(ii) TANGEDCO	29920000	77000000
Total	272000000	700000000
(c) Number of Shares at the end of 2013-14		
(i) Neyveli Lignite Corporation Ltd.,	1310080000	1068000000
(ii) TANGEDCO	161920000	132000000
Total	1472000000	1200000000

During the year the Authorised Equity Share Capital has been enhanced from Rs.180000 lakh to Rs.250000 lakh.

2. RESERVES AND SURPLUS

Particulars	As at 31 st March 2014	As at 31 st March 2013
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 st March 2014	As at 31 st March 2013
Share Application money pending for Allotment	8760.00	4200.00

Share Application money pending for Allotment is the amount received during 2013-14 from NLC Ltd., as against the 'Right Issue'.

4. LONG TERM BORROWINGS

Particulars	As at 31 st March 2014	As at 31 st March 2013
Secured Long Term Borrowings		
Term Loans from Banks		
(i) Bank of Baroda Consortium of Banks	250000.00	250000.00
(ii) Bank of India Consortium of Banks	93700.00	39000.00
Total	343700.00	289000.00

a) The Term Loans is secured by pari-passu charge on project fixed assets financed.



NOTES TO BALANCE SHEET

b) Repayment of Loan:

- (i) Bank of Baroda Consortium loan:- Rescheduled to be repaid in twenty (20) equal half-yearly consecutive instalments starting from October 2015.
- (ii) Bank of India Consortium loan:- In twenty (20) equal half-yearly consecutive instalments starting from August 2015.

5. OTHER LONG TERM LIABILITIES

(Rs. in lakh)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Others-Liability towards Retention Money	0.00	38309.71
Total	0.00	38309.71

6. OTHER CURRENT LIABILITIES

Particulars	As at 31 st March 2014	As at 31 st March 2013
NLC Rupee Term Loan	20440.00	0.00
Sundry Creditors and Accrued Expenses	997.74	1130.47
Liabilities for Capital works	52658.20	15768.08
Other Liabilities	5079.59	5055.12
Total	79175.53	21953.67

The Govt. of India has approved the Revised Project Cost of Rs.6602.74 crore (Original Sanctioned Cost Rs.4909.54 crore). Due to the increase in project cost, the additional debt requirement is Rs.1184.92 crore with interest rate of 10.86% p.a (weighted average interest rate of BOB Consortium Loan and BOI Consortium Loan) and this has been tied up with NLC Ltd. The Loan drawn up to 31.03.2014 for Rs.204.40 crore is repayable during 2014-15.

7. FIXED ASSETS - TANGIBLE ASSETS

Description	Gross Cost				Depreciation				Net Value		
	As at 31.03.2013	Additions/ Transfers	Deletions/ Transfer/ Adj.	As at 31.03.2014	As at 31.03.2013	Withdrawals/ Transfer/ Adj.	For the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
Lease Hold Land	5028.93	0.00	0.00	5028.93	949.91	0.00	167.63*	1117.54	3911.39	4079.02	
Buildings	1737.68	1190.30	0.00	2927.98	83.99	0.00	70.33	154.32	2773.66	1653.69	
Electrical Installations	370.60	0.00	0.00	370.60	53.81	0.00	19.57	73.38	297.22	316.79	
Water Supply	66.20	0.00	0.00	66.20	8.33	0.00	3.14	11.47	54.73	57.87	
Plant & Machinery	25.50	1.37	0.00	26.87	9.97	0.00	3.14	13.11	13.76	15.53	
Furniture & Equipment	241.96	35.79	0.00	277.75	27.00	0.00	17.35	44.35	233.40	214.96	
Vehicles	4.97	51.44	0.00	56.41	1.77	0.00	2.41	4.18	52.23	3.20	
Assets costing Rs. 5000 and below	8.50	0.34	0.00	8.84	8.50	0.00	0.34	8.84	0.00	0.00	
Total	7484.34	1279.24	0.00	8763.58	1143.28	0.00	283.91	1427.19	7336.39	6341.06	
Previous Year	7352.95	750.25	518.86	7484.34	880.70	10.89	273.47	1143.28	6341.06		

*Lease Hold Land is being amortised over the lease period.

8. FIXED ASSETS - INTANGIBLE ASSETS

Description	Gross Cost				Depreciation				Net Value		
	As at 31.03.2013	Additions/ Transfers	Withdrawals/ Transfer/ Adj.	As at 31.03.2014	As at 31.03.2014	Withdrawals/ Transfer/ Adj.	For the Year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
Computer Software	8.77	4.41	0.00	13.18	8.77	0.00	4.41	13.18	0.00	0.00	
Total	8.77	4.41	0.00	13.18	8.77	0.00	4.41	13.18	0.00	0.00	
Previous Year	8.77	0.00	0.00	8.77	8.77	0.00	0.00	8.77	8.77		



NOTES TO BALANCE SHEET

(Rs. in lakh)

9. CAPITAL WORK IN PROGRESS - CWIP

Particulars	As at 31 st March 2014	As at 31 st March 2013
Revenue Expenditure transferred to CWIP	94344.94	55753.96
Capital Work in Progress : Value of Supply, erection etc.,	471228.02	401870.11
Total	<u>565572.96</u>	<u>457624.07</u>
CWIP Includes Value of Supply, Erection etc., of following major Package Contracts		
a Main Plant - TA 1	325388.42	285988.34
b Coal Handling System - TA 2	51514.89	49369.61
c Ash Handling System - TA 3	5178.15	3581.42
d Circulating Water System - TA 4	7964.24	5392.85
e RO/DM and Effluent Plant - TA 5	16792.13	14738.04
f RCC Chimney - TA 6	6487.31	4930.84
g Natural Draught Cooling Tower - TA 7	11822.99	8561.46
h Switch Yard - TA 8	6561.55	6398.99
i Power Transformers - TA 9	10780.57	10471.19
j Others	28737.77	12437.37
Total	<u>471228.02</u>	<u>401870.11</u>
Others (Other than TA Packages)		
1 Roads & Culverts	1685.83	1681.40
2 North Cargo Berth	4418.23	4427.17
3 Area illumination - Bajaj Elec	199.46	198.41
4 Consultancy	1142.32	828.56
5 Inter Plant Communication - V Link Systems	236.11	236.10
6 H2 Plant - SR.Selvaraj & Airox Nigen Equipment	403.50	98.28
7 Fire Fighting - Mather & Platt Pumps Ltd.,	2998.90	0.00
8 CWS, P.House, Piping etc., - Jyoti & Ramky	6750.66	309.30
9 General Civil Works - IVRCL & DEE Tech	1683.04	1118.89
10 Enabling Work (Re-routing of SPIC / IOC Pipe Line, Relocation of Warehouse and Sheds	1926.53	1926.53
11 Shore Unloader - TRF	6469.41	0.00
12 Others	823.78	1612.74
Total	<u>28737.77</u>	<u>12437.38</u>
(i) Capital Work-in-Progress includes Capital Goods in transit	213.40	836.25
(ii) Value of Material in Capital Work in Progress as on 31.03.2014:-		
a) Value of Material Supplied	281581.27	244333.51
b) Value of Material erected out of Material Supplied	236608.82	106885.32
c) Value of Material yet to be erected	44972.45	137448.19

10. LONG TERM LOANS & ADVANCES

Particulars	As at 31 st March 2014	As at 31 st March 2013
Long Term Loans & Advances to Package Contractors	0.00	8735.75
a Main Plant - TA 1	0.00	5299.39
b Coal Handling System - TA 2	0.00	0.00
c Ash Handling System - TA 3	0.00	121.97
d Circulating Water System - TA 4	0.00	250.95
e RO/DM and Effluent Plant - TA 5	0.00	254.42
f RCC Chimney - TA 6	0.00	187.79
g Natural Draught Cooling Tower - TA 7	0.00	488.37
h Switch Yard - TA 8	0.00	17.31
i Others	0.00	2115.55
Total	<u>0.00</u>	<u>8735.75</u>



NOTES TO BALANCE SHEET

(Rs.In lakh)

Particulars	As at 31 st March 2014	As at 31 st March 2013
i) Other than TA Packages		
1 Roads & Culverts	0.00	25.05
2 CWS / Pump House / Piping - Jyoti Ltd.,	0.00	1258.25
3 General Civil Work-H2 Plant,Storm water,RCC Intake	0.00	95.70
4 Residential Building & Non Residential Building	0.00	65.89
5 Shore Unloader - TRF Ltd.,	0.00	608.00
6 Fire Fighting System	0.00	0.00
7 Other Works	0.00	62.65
Total	0.00	2115.54

11. CASH AND BANK BALANCES

Particulars	As at 31 st March 2014	As at 31 st March 2013
(A) With Scheduled Bank in Current Accounts:		
Canara Bank, Kilpauk, Chennai	0.33	0.33
Bank of India, Tuticorin	528.10	201.43
Bank of Baroda, Tuticorin	0.01	0.04
State Bank of India, Tuticorin	409.64	143.19
	<u>938.08</u>	<u>344.99</u>
(B) Others		
Stamps on hand	0.01	0.00
Total	938.09	344.99

12. SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 st March 2014	As at 31 st March 2013
Advances recoverable in cash or in kind or for value to be received		
Unsecured		
Considered Good	4963.98	406.38
Tax Deducted at Source	19.99	7.01
Total	<u>4983.97</u>	<u>413.39</u>
a) Main Plant - TA1	1856.30	0.00
b) Coal Handling System - TA 2	0.00	0.00
c) Ash Handling System - TA 3	92.76	0.00
d) Circulating Water System - TA 4	63.05	0.00
e) RO/DM and Effluent Plant - TA 5	86.26	0.00
f) RCC Chimney - TA6	40.07	0.00
g) Natural Draught Cooling Tower - TA 7	185.73	0.00
h) Switch Yard - TA 8	17.31	0.00
i) Others	918.92	0.00
j) Advance to VOCPT for Forest Land Clearance	1001.38	0.00
k) Advance for Temporary Power Supply	387.75	293.00
l) Others	314.45	113.38
Total	<u>4963.98</u>	<u>406.38</u>
i) Other than TA Packages - (others)		
1. CWS / Pump House / Piping - Jyoti Ltd.,	135.53	0.00
2. General Civil Work-H2 Plant,Storm water,RCC Intake	275.88	0.00
3. Residential Building & Non Residential Building	20.00	0.00
4. Shore Unloader - TRF Ltd.,	181.63	0.00
5. Fire Fighting System	277.56	0.00
6. Other Works	28.32	0.00
Total	<u>918.92</u>	<u>0.00</u>



NOTES TO BALANCE SHEET

(Rs.in lakh)

Particulars	As at 31 st March 2014	As at 31 st March 2013
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	0.00	2232.00
c) Bank Guarantee for Security Deposit	2250.00	0.00
14. Estimated Value of Contracts remaining to be executed on capital accounts not provided for	45309.90	115117.93
15. A demand has been raised by Excise Authority towards Service Tax payable by NLC Ltd., the Holding Company for the service of manpower provided to NTPL. This case has been decided in favour of Holding Company. However, the department has gone for appeal against the order of Commissioner.	205.63	0.00
16. The Power Grid Corporation Ltd., (PGCIL) has completed the construction work of power evacuation during Oct 2013. As the commercial operation NTPL units is yet to take place. as per Indemnification Agreement, PGCIL may prefer indemnification claim, if there is any revenue loss to them. So far PGCIL has not made any claim and hence not provided.	-	-
17. 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	237.25	139.43
18. The payment in Foreign Currency during the year towards Capital Goods - Value of imports on CIF	50.39	664.73
19. 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:		
	Directors	
Shri. B.Surender Mohan Chairman	Shri. P. Annadurai	Shri. Rakesh kumar
	Shri. Manoj Kumar Sharma	Shri. S. Rajagopal
	Prof. T. Kumar	Shri. S. Boopathy
	Prof. P. Mannar Jawahar	
ii) Transactions during the year with related parties :		
Remuneration to Directors listed in (i) (a) above is NIL		
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 st March 2014	For the year ended 31 st March 2013
Interest on Others	639.06	256.17
Rent Recovered	43.73	32.70
Liquidity Damages Recovered	1.06	2.66
Tender Forms Sales	1.49	1.36
Others	1.42	0.37
	<u>686.76</u>	<u>293.26</u>
Less: Transferred to Capital Work-in-Progress Accounts	686.76	293.26
Total	<u>0.00</u>	<u>0.00</u>

2. EMPLOYEES' BENEFITS EXPENSES

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Salaries, Wages and Incentives	2289.67	1892.74
Contribution to Provident and Other Funds	559.01	471.82
Gratuity	71.41	58.15
Welfare Expenses	57.41	23.57
	<u>2977.50</u>	<u>2446.28</u>
Less: Transferred to Capital Work-in-Progress Accounts	2977.50	2446.28
Total	<u>0.00</u>	<u>0.00</u>

3. FINANCE COST

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Interest on Term Loan	34430.06	22514.18
	<u>34430.06</u>	<u>22514.18</u>
Less: Transferred to Capital Work-in-Progress Accounts	34430.06	22514.18
Total	<u>0.00</u>	<u>0.00</u>

Borrowing Cost Capitalised during the year 2013-14 and 2012-13 was Rs.34430.06 lakh and Rs.22514.18 lakh respectively.

4. DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Depreciation and Amortisation Expenses	288.32	262.57
	<u>288.32</u>	<u>262.57</u>
Less: Transferred to Capital Work-in-Progress Accounts	288.32	262.57
Total	<u>0.00</u>	<u>0.00</u>



NOTES TO PROFIT AND LOSS ACCOUNT

5. OTHER EXPENSES

(Rs. in lakh)

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Light Diesel Oil	11.59	0.00
Petrol & Diesel	28.53	10.11
Rent	1.29	1.56
Licence Fee	18.48	2.24
Repairs & Maintenance	229.32	137.12
Travelling Expenses	97.58	76.02
Payment to Auditors:		
Audit Fees	0.79	0.79
Audit Certification Fees	0.08	0.07
Out of Pocket Expenses	0.61	0.43
Power Charges	942.51	884.84
Water Charges	143.31	82.01
Bank Charges - (including arrangement of Loan)	12.33	303.95
Miscellaneous Expenses	95.46	141.17
	<u>1581.88</u>	1640.31
Less : Transferred to Capital Work-in-Progress Accounts	1581.88	1640.31
Total	<u>0.00</u>	<u>0.00</u>

6. THE PAYMENT IN FOREIGN CURRENCY

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Professional Fees	6.43	15.98

7. REMUNERATION TO DIRECTORS

Particulars	For the Year ended 31 st March 2014	For the year ended 31 st March 2013
Salaries and Contribution to Provident and other Funds	0.00	0.00
Sitting fees to Independent Directors	0.76	1.19
Total	<u>0.76</u>	<u>1.19</u>

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. Tel:044-28364617

CIN : U40102TN2005GOI058050

Website : www.ntplpower.com E-mail: ceo.ntpl@nicindia.com