



NEYVELI LIGNITE CORPORATION LIMITED

(Neyveli Lignite Corporation Limited (the “Company”) was originally incorporated on November 14, 1956 as Neyveli Lignite Corporation (Private) Limited, a private limited company under the Companies Act, 1956, as amended (the “Companies Act”) by the Registrar of Companies, Tamil Nadu (the “RoC”). Subsequently, upon conversion to a public limited company, the name was changed to Neyveli Lignite Corporation Limited on July 30, 1959).

Issue of 59,701,260 equity shares of face value of ₹10 each (the “Equity Shares”) of the Company, by way institutional placement programme by the President of India acting through the Ministry of Coal (the “Selling Shareholder”) for cash at the Clearing Prices and the Issue Price (as defined hereinafter is Rs. 60 per Equity Share.) being determined in accordance with the pricing methodology as described under “Issue Procedure”, aggregating to ₹ 358,20,75,600 (the “Issue”).

THIS ISSUE AND THE DISTRIBUTION OF THIS PROSPECTUS (THE “PROSPECTUS”) IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI REGULATIONS”). THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) (AS DEFINED HEREINAFTER IN “DEFINITIONS AND ABBREVIATIONS”) WITHIN INDIA

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme in terms of Chapter VIII-A of the SEBI Regulations and the letters dated July 4, 2013 and July 17, 2013 (the “SEBI Approval”), wherein, in case of receipt of valid ASBA Applications at same Clearing Prices, Allocation and Allotment of Equity Shares in the Issue will be undertaken in the following sequential order: (i) State Applicants will be preferred over other Applicants including the Mutual Funds and Insurance Companies; (ii) Mutual Funds and Insurance Companies will be preferred over other Applicants to the extent of the unsubscribed portion after Allocation to State Applicant as outlined in (i) above or 25% of the aggregate number of Equity Shares issued pursuant to the Issue, whichever is less; (iii) lastly other Applicants including Mutual Funds and Insurance Companies to the extent that they have not been Allocated Equity Shares in (ii) above will be considered. Consequently, if the aggregate number of Equity Shares to be issued pursuant to the Issue is fully exhausted by the State Applicants, no Equity Shares shall be Allocated and Allotted to other Applicants including Mutual Funds and Insurance Companies.. For further details, please see “Issue Procedure”. QIBs may participate in this Issue only through an application supported by blocked amount (“ASBA”) providing details about the ASBA Account (as defined hereinafter) which will be blocked by the Self Certified Syndicate Bank. For details, see “Issue Procedure”.

This Prospectus has not been reviewed or approved by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), National Stock Exchange of India Limited (the “NSE”), BSE Limited (the “BSE”, together with the NSE the “Stock Exchanges”) and is intended only for use by QIBs. A copy of the Red Herring Prospectus has been delivered to the Stock Exchanges and SEBI and registered with the RoC. Copies of the Prospectus will be filed with the Stock Exchanges, SEBI and the RoC for registration. This Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Prospectus. The Equity Shares of the Company are listed and traded on the BSE and the NSE. The Company has applied for and received in-principle approvals from BSE and NSE on July 29, 2013, respectively in terms of Regulation 91C(3) of SEBI Regulations. The Equity Shares offered in the Issue are securities of the Company of the same class and, in all respects; uniform with the Equity Shares listed and traded on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ “RISK FACTORS” BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE RED HERRING PROSPECTUS AND THIS PROSPECTUS.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to the Red Herring Prospectus together with the ASBA Applications and Confirmation of Allocation Notes. For details, please see “Issue Procedure”. The distribution of this Prospectus or the disclosure of its contents without the prior consent of the Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Prospectus, agrees to observe the foregoing restrictions and make no copies of this Prospectus or any documents referred to in this Prospectus.

The information on the website of the Company or any website directly or indirectly linked to the website of the Company, other than this Prospectus, does not form part of this Prospectus and prospective investors should not rely on such information contained in, or available through, any such website. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (“Regulation S”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on the Regulation S. For further details, please see “Selling Restrictions” and “Transfer Restrictions”.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE	
Credit Suisse Securities (India) Private Limited 9 th Floor, Ceejay House Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Tel: (91 22) 6777 3777 Fax: (91 22) 6777 3710 Email: list.ibd-project-beta@credit-suisse.com Investor grievance email: list.icgcellmer-bnkg@credit-suisse.com Website: www.credit-suisse.com Contact Person: Ashish Agarwal SEBI Registration No.: INM000011161	ICICI Securities Limited ICICI Centre, HT Parekh Marg Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: nlc ofs@icicisecurities.com Investor grievance email: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Vishal Kanjani/Amit Joshi SEBI Registration No: INM000011179	SBI Capital Markets Limited 202, Maker Tower ‘E’ Cuffe Parade Mumbai 400 005 Tel: (91 22) 22178300 Fax: (91 22) 22188332 Email: nlc.ipp@sbicaps.com Investor grievance email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Nithin Kanuganti/ Nikhil Bhiwapurkar SEBI Registration No.: INM000003531	Integrated Enterprises (India) Limited 2 nd Floor, Kences Tower, No. 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017 Tel: (91 44) 2814 0801-03 Fax: (91 44) 2814 3378 E-mail: corperserv@integratedindia.in Investor Grievance E-mail: sureshbabu@integratedindia.in Website: www.integratedindia.in Contact Person: Suresh Babu SEBI Registration No.: INR000000544
ISSUE PROGRAMME*			
ISSUE OPENS ON	August 2, 2013	ISSUE CLOSED ON	August 2, 2013

* Details of the Issue programme were disclosed in the Price Band Announcement issued one day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement dated July 31, 2013 and the Price Band Announcement on August 1, 2013 for further details.



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NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Prospectus and, having made all reasonable enquiries confirms that, this Prospectus contains all information with respect to the Company, its Subsidiaries and the Equity Shares offered in the Issue, that is material in the context of the Issue. The statements contained in this Prospectus relating to the Company and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Prospectus with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company, its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Prospectus misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company, the Book Running Lead Managers or the Syndicate Member. The delivery of this Prospectus, at any time, does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only to QIBs outside the United States in offshore transactions in reliance on Regulation S and other applicable securities laws of the jurisdictions where these offers and sale occur. The Equity Shares are transferable only in accordance with the restrictions described in “*Transfer Restrictions*”. Purchasers of the Equity Shares will be deemed to make the representations set forth in “*Notice to Investors – Representations by Investors*” and “*Transfer Restrictions*”.

In terms of the SEBI Approval, (i) preference will be given to State Applicants in Allotment of Equity Shares and disclose the same in the offer document; (ii) treatment of Applicants belonging to Government of Tamil Nadu as separate QIBs and not belonging to the same group or under the same control, for the purpose of Allocation and Allotment in the Issue; (iii) Allocation and Allotment to less than 10 Applicants, Allotment of Equity Shares to a minimum of (i) two Applicants, if the Issue Size is less than or equal to Rs. 250 crores; and (ii) five Applicants, if the Issue Size is greater than Rs. 250 crores; (iv) Allocation and Allotment of Equity Shares as per the pricing norms applicable in a Qualified Institutions Placement (“**QIP**”) whereby the Floor Price shall be a price not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchanges during the two weeks preceding the Relevant Date, which shall mean the date of the meeting in which the Board of Directors or a committee thereof duly authorised by the Board, decides to open the proposed Issue and “stock exchange” for this purpose shall mean any of the recognised stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date; (v) Allocation and Allotment of Equity Shares up to 50% of the Issue size to a single investor. In this regard, however, it has been clarified that in case of allotment in excess of 25% of the Issue size, the Equity Shares Allotted to that Allottee shall be subject to lock- in under Regulation 78(2) of the SEBI Regulations for a period of one year from the date of their Allotment; and (vi) Relaxation of Regulation 91G(2)(a) of the SEBI Regulations to give preference to the State Applicants above Mutual Funds and Insurance Companies in the Issue.

In addition, SEBI vide its letter dated July 4, 2013 has clarified that the public financial institutions as defined under section 4A of the Companies Act and State Industrial Development Corporation would qualify as a QIB and be eligible to participate in the Issue.



This Prospectus has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and the Company stating that it is in connection with the IPP and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Prospectus as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither the Company, the Selling Shareholder nor any of the Book Running Lead Managers or the Syndicate Member are making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in the Company under Indian laws, including chapter VIII-A of the SEBI Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on the Company's website, except the Red Herring Prospectus and this Prospectus, or on the website of the Book Running Lead Managers does not constitute nor form part of this Prospectus. Prospective investors should not rely on the information contained in, or available through such websites, except the Red Herring Prospectus and this Prospectus. This Prospectus contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.



REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to each of the Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Member, as follows:

- You are a QIB (as defined hereinafter), having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI Regulations and SEBI Approval;
- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities. You are investing in the Issue in accordance with applicable law and will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;
- If you are Allocated/Allotted the Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allocation/Allotment, sell such Equity Shares so acquired, except on the Stock Exchanges and as per SEBI Approval wherein, if more than 25% of the Issue Size is Allotted to you, the Equity Shares shall be locked-in for one year as per regulation 78(2) of SEBI Regulations;
- You are aware that this Prospectus has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, and is only filed with the RoC pursuant to applicable provisions of the Companies Act, and is intended only for use by the QIBs;
- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Prospectus), and will honour such obligations;
- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (the “**Company Presentations**”) with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to the Company and the Issue that was not made publicly available by the Company;
- Neither the Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;
- All statements other than statements of historical facts included in this Prospectus, including those regarding the Company’s financial position, business strategy, plans and objectives of management for



future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Prospectus;

- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation, Allotment Criteria and the CAN. For further details, please see chapter titled 'Issue Procedure';
- You have made, or been deemed to have made, as applicable, the representations and warranties set forth in 'Transfer Restrictions' and 'Selling Restrictions';
- You have read the Red Herring Prospectus and this Prospectus in their entirety, including in particular the chapter titled 'Risk Factors';
- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in the Red Herring Prospectus and this Prospectus and publicly available information about the Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares offered in the Issue, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;
- None of the Company, the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert, any claim against any of the Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;
- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have no need for liquidity with respect to the investment in the Equity Shares offered in the Issue, (iv) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to



subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you', shall include such accounts;
- You are neither a Promoter (hereinafter defined) nor a person related to the Promoter, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoter or persons related to the Promoter. For the purposes of this representation you will be deemed to be related to the Promoter if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoter, any veto rights or any right to appoint any nominee director on the Board, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;
- You have no right to withdraw your ASBA Application or revise the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application downwards;
- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;
- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (hereinafter defined);
- You, together with other QIBs that belong to the same group as you or are under common control with you, shall not be Allotted Equity Shares in excess of 50% of the aggregate number of Equity Shares Allotted in the Issue. For the purposes of this representation:
 - (a) The expression 'belong to the same group', shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act (hereinafter defined); and
 - (b) The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

For meaning of the term 'companies under the same group' under sub-section (11) of Section 372 of the Companies Act and 'control' under Regulation 2(1)(e) of the Takeover Regulations, please see "**Issue Procedure**" of this Prospectus. This requirement has been relaxed for QIBs belonging to Government of Tamil Nadu as per SEBI Approval, for the purpose of this Issue.

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant account until such time that the IPP process is completed;
- You are aware that applications for in-principle approval for Allocation/Allotment of the Equity Shares offered in the Issue on the Stock Exchanges, were made and approval has been received from the Stock Exchanges;
- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or the Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Managers nor the Company nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- You confirm that the only information you are entitled to rely on, and on which you have relied in



committing yourself to acquire the Equity Shares offered in the Issue is contained in the Red Herring Prospectus and this Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Managers nor the Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- The Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its obligations or any breach of any representations and warranties by the Company, whether to you or otherwise;
- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, the Red Herring Prospectus and this Prospectus;
- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allocation/Allotment of the Equity Shares pursuant to the Issue on the Stock Exchanges;
- You agree to indemnify and hold the Company, the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;
- You agree to abide by the Basis of Allocation provided in the Red Herring Prospectus and this Prospectus, and the Allocation done in accordance with Basis of Allocation as approved by the Stock Exchanges;
- You agree to provide additional documents as may be required by the Company, the Selling Shareholder and the Book Running Lead Managers for finalisation of the Basis of Allocation along with the Stock Exchanges. The Company, the Book Running Lead Managers and their respective affiliates may rely on the accuracy of such documents provided by you; and
- The Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of the Company, and are irrevocable.



OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the “**FII Regulations**”), an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as “P-Notes”), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with applicable ‘know your client’ requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of an FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Prospectus. This Prospectus does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company, the Global Coordinators and Book Running Lead Managers or the Book Running Lead Managers or the Syndicate Member. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company, the Global Coordinators and Book Running Lead Managers or the Book Running Lead Managers or the Syndicate Member. Our Company, the Global Coordinators and Book Running Lead Managers, the Book Running Lead Managers and the Syndicate Member do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Global Coordinators and Book Running Lead Managers or the Book Running Lead Managers or the Syndicate Member and do not constitute any obligations of or claims on the Global Coordinators and Book Running Lead Managers or the Book Running Lead Managers or the Syndicate Member. Affiliates of the Global Coordinators and Book Running Lead Managers and the Book Running Lead Managers that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.



DISCLAIMER CLAUSE

As required, a copy of the Red Herring Prospectus and this Prospectus has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

- (1) warrant, certify or endorse the correctness or completeness of the contents of the Red Herring Prospectus;
- (2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or
- (3) take any responsibility for the financial or other soundness of the Company, its Promoter, its management or any scheme or project of the Company.

It should not for any reason be deemed or construed to mean that the Red Herring Prospectus has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.



PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Prospectus, unless the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'the Company' are to Neyveli Lignite Corporation Limited, and references to 'we', 'us', 'our' or 'our Company' are to Neyveli Lignite Corporation Limited and its Subsidiaries, unless otherwise specified.

In this Prospectus, all references to "INR", "Indian Rupees", "₹" and "Rs." are to Indian Rupees and all references to "India" are to the Republic of India and its territories and possessions.

The financial year of the Company commences on April 1 of each calendar year and ends on March 31 of next calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year' or 'FY' are to the twelve month period ended on March 31 of that year.

The Company publishes its Audited Consolidated Financial Statements in Indian Rupees. The Audited Consolidated Financial Statements are prepared in accordance with the Companies Act and Indian GAAP and the Summary Consolidated Financial Information have been based on the Audited Consolidated Financial Statements. Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. In this regard please note that:

With respect to the Summary Consolidated Financial Information disclosed in the section "**Selected Financial Information**" of this Prospectus, please note that references to the Summary Consolidated Financial Information, as of and for the years ended March 31, 2013, 2012 and 2011 are to the consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow statement as of and for the years ended March 31, 2013, 2012 and 2011;

Consolidated Financial Information disclosed in the section "**Selected Financial Information**" on of this Prospectus, please note that references to the Summary Consolidated Financial Information, as of and for the years ended March 31, 2013 and 2012 and 2011 are to the consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow statement as of and for the years ended March 31, 2013, 2012 and 2011.

With respect to the Summary Consolidated Financial Information disclosed in the section "**Selected Financial Information**" of this Prospectus, please note that references to the Summary Consolidated Financial Information, as of and for the years ended March 31, 2013, 2012 and 2011 are to the consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow statement as of and for the years ended March 31, 2013, 2012 and 2011.

Unless otherwise indicated, all financial data in this Prospectus is derived from the Summary Consolidated Financial Information.

Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP and accordingly, the degree to which the Audited Consolidated Financial Statements prepared in accordance with Indian GAAP included in the Prospectus will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting policies. The Company does not provide a reconciliation of its financial statements to IFRS or U.S.GAAP financial statements. See "*Risk Factors*".

These Audited Consolidated Financial Statements, as of and for the years ended March 31, 2013, 2012 and 2011 are referred to herein as the "**Financial Statements**".

In this Prospectus, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.



INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the businesses of the Company contained in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Company competes. These documents and publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Unless stated otherwise, the statistical information included in this Prospectus relating to the industry in which the Company operates has been reproduced from various trade, industry and government publications and websites. For further details, please see “*Risk Factors – Third party statistical and financial data in this Prospectus may be incomplete or unreliable*”.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Company, the Selling Shareholder nor the Book Running Lead Managers or the Syndicate Member have independently verified this data, nor do they make any representation regarding the accuracy of such data. The Company and the Selling Shareholder takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates. Similarly, while the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Company or the Selling Shareholder nor the Book Running Lead Managers or the Syndicate Member can assure potential investors as to their accuracy.



FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new businesses and other matters discussed in this Prospectus that are not historical facts. These forward-looking statements contained in this Prospectus (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- Operational challenges at our mines and thermal power plants;
- Costs of compliance with health, safety and environmental laws and regulations or damage due to natural or man-made disasters or events;
- Our ability to effectively manage our growth or to successfully implement our power projects and growth strategy;
- Costs of compliance, liabilities and requirements associated with government policies;
- Outcome of outstanding litigation in which we, our Directors or our employees are involved;
- Our ability to raise additional capital to fund the construction and development of our projects and future capital requirements or to obtain the necessary funds on commercially acceptable terms or in a timely manner;
- Our ability to meet the conditions imposed in our financing arrangements;
- Changes in tariffs, custom duties, tax regime, government assistance and government policy;
- Our ability to retain our senior management team and other key personnel and hire and retain
- Increase in operating expenses;
- Variations in estimates of our reserves and resources;
- Changes in applicable laws and regulations;
- Our ability to maintain transportation infrastructure and capacities for our off-take arrangements in a timely manner;
- Increasing competition in the Indian power sector;
- Availability of water for our power plants;
- Our ability to commence operations as expected;
- Downgrading of credit ratings;



- Changes in foreign exchange rates, equity prices or other rates or prices;
- Worldwide economic and business conditions and political or general economic instability in India;
- The monetary and interest policies of India, inflation, deflation and unanticipated increases in interest rates or fluctuations in foreign exchange; and
- Terrorist attacks and other acts of violence, natural calamities, unanticipated geological results and other environmental conditions in India and around the region.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in 'Risk Factors', 'Industry Overview', 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations'. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Prospectus or the respective dates indicated in this Prospectus, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.



ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company incorporated with limited liability under the laws of India. All the Directors are residents of India. All of the key managerial personnel named here are residents of India and all the assets of the Company are located in India. As a result, it may be difficult for investors outside India to affect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the “**Civil Procedure Code**”), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government of India (the “**GoI**” or the “**Government**”) has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws.



DEFINITIONS AND ABBREVIATIONS

This Prospectus uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Prospectus shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company and Industry Related Terms

AD	Authorised Dealer.
APGENCO	Andhra Pradesh Power Generation Company
Articles of Association or Articles	The articles of association of the Company, as amended from time to time.
Auditors or Joint Statutory Auditors	L.U. Krishnan & Company and M/s Sreedhar, Suresh and Rajagopalan, Chartered Accountants who were appointed by the Comptroller and Auditor General as our statutory auditors for Financial Years 2012 and 2013.
Audit Committee	The audit committee of the Company, constituted in accordance with the provisions of the Companies Act and the Listing Agreement.
Board or Board of Directors	The board of directors of the Company.
BRICK	Brickwork Ratings India Limited
CARD	Centre for Applied Research and Development
CBM	Coal Bed Methane
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFBC	Circulating Fluidized Bed Combustion
CBM	Coal Bed Methane
CSR	Corporate Social Responsibility
Company	Neyveli Lignite Corporation Limited
DIPP	Department of Industrial Policy and Promotion
Directors	Directors on the Board, as may be appointed from time to time.
DST	Department of Science and Technology
Equity Shares	Equity shares of face value of ₹10 each of the Company.
GAIL	Gas Authority of India Limited
Generating Unit States	States where generating units of the Company are based, being, Tamil Nadu and Rajasthan
GoI	Government of India
GSI	Geological Survey of India
GW	Giga Watt
IGCC	Integrated Gasification Combined Cycle.
IREDA	Indian Renewable Energy Development Agency Limited
JNNSM	Jawaharlal Nehru National Solar Mission
JV	Joint Venture
JVC	Joint Venture Company
Joint Ventures	M/s MNH Shakti Limited.
LM ³	Lac Cubic Metre.
LT	Lac Tonnes.
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time.
MCL	Mahanadi Coalfields Limited
MECL	Mineral Exploration Corporation Limited
MNRE	Ministry of New and Renewable Energy
MTPA	Million Tonnes Per Annum
MoEF	Ministry of Environment & Forest
MU	Million Units
MW	Mega Watt



NCB-1	North Cargo Berth-1
NCEF	National Clean Energy Fund
NNTPS	Neyveli New Thermal Power Station
NTPL	NLC Tamil Nadu Power Limited
NUPPL	Neyveli Uttar Pradesh Power Limited
OHSAS	Occupational Health & Safety Management System
OB	Overburden
ONGC	Oil and Natural Gas Corporation
PIB	Public Investment Board
PLF	Plant Load Factor
PSU	Public Sector Undertaking
Promoter	The President of India acting through the Ministry of Coal, Government of India
RGVY	Rajiv Gandhi Grameen Vidhyutikaran Yojana
R&D	Research & Development
RLA	Residual Life Assessment
Registered Office	Neyveli House, 135 Periyar EVR High Road, Kilpauk, Chennai - 600 010.
SERC	State Electricity Regulatory Commissions
Subsidiary(ies)	NLC Tamil Nadu Power Limited and Neyveli Uttar Pradesh Power Limited
TANGEDCO	Tamilnadu Generation And Distribution Corporation Limited formerly known as the Tamil Nadu Electricity Board (“TNEB”)
TPS I	Thermal Power Station I
TPS II	Thermal Power Station II
TPS I Expansion	Thermal Power Station I Expansion
TPS II Expansion	Thermal Power Station II Expansion
UCG	Underground Coal Gasification
UMPP	Ultra Mega Power Projects
UPRVUNL	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited
USCB	Ultra Super Critical Boiler
VOIPT	M/s V.O. Chidambaranar Port Trust
“we” or “us” or “our”	Neyveli Lignite Corporation, its Subsidiaries and Joint Ventures on a consolidated basis, unless otherwise stated.

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Clearing Prices to Applicants on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria.
Allotment or Allotted or Allot	Unless the context otherwise requires, allotment of the Equity Shares shall mean the transfer of the Allocated Equity Shares.
Allottees	QIBs to whom the Equity Shares are Allotted pursuant to the Issue.
Allocation Criteria	The method as finalised by the Company, based on which the Equity Shares offered in the Issue will be Allocated/Allotted to successful Applicants, in this case, being price priority method and whereby preference will be given to State Applicants in case of ASBA Applications by State Applicants and other Applicants at the same Clearing Price.
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of the Red Herring Prospectus.
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application, which amount should exceed ₹200,000.
ASBA	Application supported by blocked amount.
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe to the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of the Red Herring Prospectus, and which shall also be an authorisation to an



Term	Description
	SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of the Red Herring Prospectus and this Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted.
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount.
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in 'Issue Procedure'.
Book Running Lead Managers or BRLMs	Credit Suisse, I-Sec and SBI Capital Markets Limited
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Clearing Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Clearing Price.
Cap Price	The higher end of the Price Band, announced by the Selling Shareholder in consultation with the Company and the Book Running Lead Managers above which no ASBA Application will be accepted, which was Rs. 60 per Equity Share
Credit Suisse	Credit Suisse Securities (India) Private Limited
Clearing Prices	The prices, at or above the Floor Price or within the Price Band, as the case may be, either at or above which Applicants shall be Allocated Equity Shares in the Issue to the successful Applicants in terms of the SEBI Approval, Basis of Allocation, Allotment Criteria and the CAN.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at: http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries .
Designated Date	The date on which funds blocked by the SCSB are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Prospectus is filed with the RoC.
EoI	Expression of Interest
Floor Price	The price, below which the Clearing Prices will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price, which was decided by the Selling Shareholder in consultation with the Book Running Lead Managers in accordance with the SEBI Approval and was announced one day prior to the Issue Opening Date, was Rs. 58 per Equity Share. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected.
Price Band Announcement	The announcement of the Price Band, was made by the Company on August 1, 2013, one day prior to the Issue Opening Date.
Institutional Placement Programme or IPP	Institutional placement programme by way of which an offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI Regulations.
I-Sec	ICICI Securities Limited.
Issue	The offer of 5,97,01,260 Equity Shares constituting 3.56% of the subscribed capital of the Company by the Promoter to QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.
Issue and Placement Agreement	The issue and placement agreement dated July 29, 2013 among the Company, the Selling Shareholder and the Book Running Lead Managers in relation to the Issue.
Issue Closing Date	The last date, up to which the ASBA Applications were accepted, which date was announced along with the Price Band Announcement.
Issue Opening Date	The date, on which the Designated Branches and the members of the Syndicate started accepting the ASBA Applications, which date was announced along with the Price Band Announcement.



Term	Description
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs submitted their ASBA Applications to the SCSBs and the members of the Syndicate.
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be within the price band. The Issue Price is Rs. 60 per Equity Share.
Issue Proceeds	Gross proceeds of the Issue, being ₹ 358,20,75,600
Issue Size	The aggregate size of the Issue, comprising 5,97,01,260 Equity Shares constituting 3.56% of the subscribed capital of the Company.
Member of the Syndicate	The Book Running Lead Managers and the Syndicate Member.
Offer Documents	The Red Herring Prospectus and this Prospectus.
Prospectus	This Prospectus to be filed with the RoC in accordance with the provisions of the Companies Act, containing, <i>inter alia</i> , the Issue Size, the Clearing Prices and certain other information.
Red Herring Prospectus	The Red Herring Prospectus dated July 29, 2013, issued in accordance with the provisions of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. The Red Herring Prospectus was filed with the RoC at least three days before the Issue Opening Date and will become the Prospectus upon its filing with the RoC, after the Pricing Date.
Price Band	The price band of Rs.58-60 per Equity Share, announced by the Company for the Issue, of minimum price (Floor Price) and a maximum price (Cap Price), which was decided by the Selling Shareholder, in consultation with the Company and Book Running Lead Managers in accordance with SEBI Approval, and which was announced on August 1,2013 one day prior to the Issue Opening Date.
Pricing Date	The date on which the Selling Shareholder, in consultation with the Company and the Book Running Lead Managers, finalized the Issue Price.
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act, to receive monies from the ASBA Accounts on the Designated Date.
Public Issue Account Agreement	Public issue account agreement dated July 29, 2013 among the Company, the Selling Shareholder, the Book Running Lead Managers, the Registrar and the Public Issue Account Bank.
Public Issue Account Bank	State Bank of India [#] <i># The SEBI registration certificate of State Bank of India expired on November 30, 2012. As required under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, an application dated October 13, 2012 for permanent registration was made by State Bank of India to SEBI. The approval of SEBI is awaited.</i>
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined in terms of Regulation 2(1)(zd) of the SEBI Regulations, a public financial institution under section 4A of the Companies Act,1956 and State Industrial Development Corporation who shall be eligible to invest in this Issue.
QIP or Qualified Institutional Placement	Qualified Institutions Placement under Chapter VIII of the SEBI Regulations.
Registrar to the Issue	Integrated Enterprises India Limited.
Relevant Date	July 31, 2013, the date on which our IPP Committee in its meeting, decided to open the Issue.
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise the price per Equity Share or the number of Equity Shares applied for downwards.
Regulation S	Regulation S under the U.S. Securities Act
SEBI Approval	SEBI letters dated July 4, 2013 and July 17, 2013. SEBI vide its letter dated July 4, 2013 has clarified that the public financial institutions as defined under section 4A of the Companies Act and State Industrial Development Corporation would qualify as a



Term	Description
	<p>QIB and be eligible to participate in the Issue.</p> <p>Additionally, SEBI vide its letter dated July 17, 2013 provided the following relaxations:</p> <p>(a) Preference to State Applicants in Allotment of Equity Shares and disclose the same in the offer document;</p> <p>(b) Treatment of Applicants belonging to the Government of Tamil Nadu as separate QIBs and not belonging to the same group or under the same control, for the purpose of Allocation and Allotment in the Issue;</p> <p>(c) Allocation and Allotment to less than 10 Applicants, Allotment of Equity Shares to a minimum of (i) two Applicants, if the Issue Size is less than or equal to Rs. 250 crores; and (ii) five Applicants, if the Issue Size is greater than Rs. 250 crores;</p> <p>(d) Allocation and Allotment of Equity Shares as per the pricing norms applicable in a Qualified Institutions Placement (“QIP”) whereby the Floor Price shall be a price not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchanges during the two weeks preceding the Relevant Date, which shall be the date of the meeting of our Board of Directors or a committee thereof which decides to open the Issue and ‘stock exchanges’ for this purpose shall mean any of the recognised stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date;</p> <p>(e) Allocation and Allotment of Equity Shares up to 50% of the Issue size to a single investor. In this regard, however, it has been clarified that in case of allotment in excess of 25% of the Issue size, the Equity Shares Allotted to that Allottee shall be subject to lock- in under Regulation 78(2) of the SEBI Regulations for a period of one year from the date of their Allotment; and</p> <p>(f) Relaxation of Regulation 91G(2)(a) of the SEBI Regulations to give preference to the State Applicants above Mutual Funds and Insurance Companies in the Issue.</p>
Securities Act	The U.S. Securities Act of 1933
Selling Shareholder	The President of India acting through the Ministry of Coal.
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries .
State Applicants	Applicants belonging to the state government of Generating Unit States.
Stock Exchanges	BSE and NSE.
Syndicate Member/SBICAP	SBICAP Securities Limited.
Syndicate Agreement	The agreement dated July 29, 2013 amongst the Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Member in relation to the Issue.
Syndicate ASBA Bidding Centres	The bidding centres of the members of the Syndicate or their respective sub Syndicate at the specified cities, in this case being, Mumbai and Chennai, wherein, ASBA Bidders are permitted to submit their Applications in physical form.
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the ASBA Application.
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the Stock Exchanges, “Working Days”, shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.



Term	Description
Y-o-y	Year on year

Conventional and General Terms

Term	Description
AIF	Alternative investment funds registered under the AIF Regulations.
AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AS	Accounting Standards issued under the Companies Act.
BSE	BSE Limited.
CAGR	Compounded annual growth rate.
CDSL	Central Depository Services (India) Limited.
CESTAT	Customs, Excise & Service Tax Appellate Tribunal.
Civil Procedure Code	Code of Civil Procedure, 1908.
Client ID	Beneficiary account identity.
Companies Act	Companies Act, 1956, as amended.
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy, dated April 5, 2013 issued by the Department of Industrial Policy and Promotion from time to time.
CRISIL	CRISIL Limited
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL.
Depositories Act	Depositories Act, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
DIPP	Department of Industrial Policy and Promotion
DP ID	Depository participant identity.
DST	Department of Science and Technology
EPS	Earnings per equity share, <i>i.e.</i> Net profit attributable to equity shareholders for a financial year divided by the weighted average number of equity shares during the financial year.
Equity Listing Agreement	The equity listing agreement entered by the Company with each of the Stock Exchanges.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder, as amended.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI.
Financial Year or FY	Period of 12 months ended March 31 of that particular calendar year.
FVCI or Foreign Venture Capital Investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.
GAIL	Gas Authority of India Limited
GDP	Gross Domestic Product.
GoI or Government	Government of India.
GSI	Geological Survey of India
GW	Giga Watt
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards.
IGCC	Integrated Gasification Combined Cycle.
ILRIS	Integrated Lignite Resource Information System
I.T.Act	Income Tax Act, 1961, as amended.
IND AS	Indian Accounting Standards converged with International Financial Reporting



Term	Description
	Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended.
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India.
Limited liability partnership	A limited liability partnership registered with the registrar of companies under the Limited Liability Partnership Act, 2008, as amended.
MAT	Minimum Alternate Tax.
MoU	Memorandum of understanding.
MRTTP	Monopolies and Restrictive Trade Practices
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
PAT	Profit After Tax
PBT	Profit Before Tax
PAN	Permanent Account Number allotted under the I.T. Act.
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
RBI	Reserve Bank of India.
RoC	The Registrar of Companies for the state of Tamil Nadu at Chennai
Rupees / Rs./ ₹	Indian Rupees.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SLP	Special leave petition.
STT	Securities transaction tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
U.S.GAAP	Generally accepted accounting principles in the United States of America.



SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including in 'Risk Factors', 'Use of Proceeds', 'Placement' and 'Issue Procedure'.

The following is a general summary of the terms of the Issue:

Issuer	Neyveli Lignite Corporation Limited
Issue Size	5,97,01,260 Equity Shares
Clearing Prices	The prices, at or above the Floor Price or within the Price Band, as the case may be, at which Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the SEBI Approval, Basis of Allocation, Allotment Criteria and the CAN. Please see " <i>Issue Procedure</i> " of this Prospectus.
Eligible Investors	QIBs. Please see " <i>Issue Procedure – Who Can Apply</i> " on of this Prospectus.
Class of Equity Shares	The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, please see " <i>Description of the Equity Shares</i> " of this Prospectus.
Equity Shares issued and outstanding immediately prior to the Issue	167,77,09,600 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue	167,77,09,600 Equity Shares.
Price Band	The Price Band, as decided by the Selling Shareholder, in consultation with the Company and the Book Running Lead Managers, being Rs. 58-60 was announced on August 1, 2013, one day prior to the Issue Opening Date.
Floor Price	The Floor Price, as decided by the Selling Shareholder in consultation with the Company and the Book Running Lead Managers in accordance with the SEBI Approval, was Rs. 58 per Equity Share.
Cap Price	The higher end of the Price Band, as announced by the Company was decided at Rs.60 by the Selling Shareholder in consultation with the Company and the Book Running Lead Managers, above which the Clearing Prices will not be finalised and above which no ASBA Applications will be accepted.
Listing	Equity Shares of the Company are already listed at NSE and BSE.
Transferability Restrictions	The Equity Shares Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details, please see " <i>Transfer Restrictions</i> " of this Prospectus.
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about August 7, 2013.
Use of Proceeds	Gross proceeds of the Issue which is expected to aggregate to ₹ 358, 20,75,600. For details, please see " <i>Use of Proceeds</i> ".
Risk Factors	Please see " <i>Risk Factors</i> ", of this Prospectus, for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.



Ranking	<p>The Equity Shares being Allocated and Allotted pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and rank <i>pari passu</i> in all respects with the remaining Equity Shares of the Company, including rights in respect of voting and dividends.</p> <p>The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Allotment of the Equity Shares issued pursuant to the Issue, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.</p>
Security Codes for the Equity Shares	<p>ISIN: INE589A01014 BSE Code: 513683 NSE Code: NEYVELILIG</p>



SELECTED FINANCIAL INFORMATION

The Summary Consolidated Financial Information, as of and for the years ended March 31, 2013, 2012 and 2011, are the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flows statement as of and for the years ended March 31, 2013, 2012 and 2011.

*The Summary Consolidated Financial Information have been based on the Audited Consolidated Financial Statements of which the figures for the years ended March 31, 2013, 2012 and 2011 and should be read in conjunction with the Audited Consolidated Financial Statements and notes thereto as of and for the Financial years ended March 31, 2013, 2012 and 2011. You should refer to the section titled “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**”, included elsewhere in this Prospectus, for further discussion and analysis of the Audited Consolidated Financial Statements of the Company. The Audited Consolidated Financial Statements of the Company are prepared in accordance with Indian GAAP and have been audited by joint Auditors.*

The following presentation relates to our Company on a consolidated basis.

The Audited Consolidated Financial Statements included in this Prospectus does not reflect the Company’s results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.



Summary of Consolidated Balance Sheet for the FY 2013, 2012 and 2011

Rupees in crores

Particulars	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1677.71	1677.71	1677.71
(b) Reserves and Surplus	11272.48	10362.05	9496.69
Minority Interest	131.07	70.00	55.00
(2) Non - Current Liabilities			
(a) Long -Term borrowings	5891.61	5361.03	4402.35
(b) Deferred tax liability - Net	855.44	614.15	579.38
(c) Other Long term liabilities	604.54	450.70	422.85
(3) Current Liabilities			
(a) Trade Payables	600.11	718.21	1517.48
b) Other current liabilities	1628.44	1482.10	957.57
(c) Short-term provisions	555.79	798.49	649.94
TOTAL	23217.19	21534.44	19758.97
II. ASSETS			
(1) Non -Current Assets			
(a) Fixed Assets	14433.92	12736.45	10995.90
(i) Tangible assets	5881.05	5953.82	5992.75
(ii) Intangible assets	821.54	850.68	858.63
(iii) Capital Work-In-Progress	7696.55	5892.60	4122.93
(iv) Intangible assets under development	34.78	39.35	21.59
(b) Non-current investments	206.38	309.58	412.78
(c) Long - term loans and advances	249.17	294.19	433.10
(d) Other Non-current assets	13.07	23.83	43.08
(2) CURRENT ASSETS			
(a) Current Investments	103.20	103.20	103.20
(b) Inventories	683.72	506.19	491.71
(c) Trade receivables	3800.27	3647.03	2202.39
(d) Cash and Bank balances	2876.13	3347.08	4424.00
(e) Short - term loans and advances	688.87	390.88	475.32
(f) Other current assets	162.46	176.01	177.49
TOTAL	23217.19	21534.44	19758.97



Summary of Consolidated Profit & Loss Account Statement for the FY 2013, 2012 and 2011:

Rupees in crores

Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012		For the year ended 31st March 2011	
I. Revenue from operations		5590.07		4866.85		4295.95
II. Other income		582.95		748.36		571.69
III. Total Revenue (I +II)		6173.02		5615.21		4867.64
IV. Expenses:						
Increase (-) / Decrease in stock		-72.18		-2.88		-6.64
Employee benefits expense		1952.42		1698.20		1400.79
Finance Cost		193.39		149.54		112.77
Depreciation and amortisation expenses		512.31		430.18		412.87
Other Expenses		1688.99		1475.03		1319.81
Prior Period Adjustments (Net)		35.55		-2.56		3.49
		4310.48		3747.51		3243.09
Less: Expenses Capitalised		21.78		38.04		42.93
Total expenses		4288.70		3709.47		3200.16
V. Profit before exceptional and extraordinary items and tax (III - IV)		1884.32		1905.74		1667.48
VI. Exceptional items		161.34		78.15		17.02
VII. Profit before Extraordinary Items and tax (V+VI)		2045.66		1983.89		1684.50
VIII. Extraordinary Item		0.00		0.00		0.00
IX. Profit before tax (VII+ VIII)		2045.66		1983.89		1684.50
X. (i) Tax Expense:						
For current year	340.00		496.00		405.00	
For previous year	6.61		41.79		-27.72	
(ii) Deferred tax:						
For current year	305.97		66.21		-6.52	
For previous year	-64.68	587.90	-31.44	572.56	15.46	386.22
XI. Profit for the period from continuing operation (IX-X)		1457.76		1411.33		1298.28
XII. Profit for the period		1457.76		1411.33		1298.28
XIII. Earning Per Share						
1) Basic and Diluted Rs.		8.69		8.41		7.74



Summary of Consolidated Cash Flow Statement for the FY 2013, 2012 and 2011:

Rupees in crores

Particulars	For the period ended March 31, 2013	For the period ended March 31, 2012	For the period ended March 31, 2011
Net Profit Before Tax	2045.66	1983.89	1684.50
Net Cash From Operating Activities	1262.32	-27.00	182.87
Net Cash (used in)/from Investing Activities	-1163.83	-766.73	-756.53
Net Cash (used in)/from Financing Activities	-569.44	-283.19	171.04
Net (decrease)/increase In Cash and Cash Equivalents	-470.95	-1076.92	-402.61
Opening Cash & Cash Equivalents	3347.08	4424.00	4826.61
Closing Cash & Cash Equivalents	2876.13	3347.08	4424.00



RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The risks and uncertainties described below together with the other information contained in this Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risks described below are not the only ones relevant to our business and the industry in which we operate, as well as to the offering of Equity Shares. Additional risks, not presently known to us or that we currently deem immaterial, may also have an adverse effect on our business, results of operations and financial condition, as well as the price of the Equity Shares. If any one of the following risks or combinations of the following risks were to occur, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could be materially and adversely affected, and the price of the Equity Shares and you may lose all or part of the value of your investment.

You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Issue. Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Risks relating to the Company

- We are involved in legal, regulatory and arbitration proceedings that, if determined against us, may have an adverse impact on our business and financial condition.***

There are certain outstanding legal proceedings against our Company and our directors pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new development arise, such as change in applicable laws or rulings against us by the appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. In addition our Company is presently and in future may be subject to risks of litigation including public interest litigation, in relation to the environmental impact of our projects. We cannot give any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company, the implementation of our current or future projects and our results of operations.

Details of the proceedings that have been initiated against our Company or its employees and the amounts claimed against us in these proceedings, to the extent ascertainable, are set forth below:

Sl. No.	Nature of Litigation	No. of cases	Amount (Rs. in crore)
1.	Criminal Cases	2	Unascertainable
2.	Income Tax Cases	14	573.52
3.	Other proceedings related to tax and statutory charges	1	22.34
4.	Consumer Complaints	2	0.42
4.	Property and Land Acquisition cases	7540	Unascertainable
5.	Civil Cases	7	423.44
6.	Labour and Service matters	213	Unascertainable
7.	Arbitration Cases	13	786.28
8.	Motor Accident Claims Tribunal	60	6.28
9.	Miscellaneous Cases	315	Unascertainable
	TOTAL*	8167	1812.28

* To the extent ascertainable.

In addition to the above litigation, we receive occasional notices and complaints alleging various forms of violations by our company or its officials. Certain of these notices are also marked to the MoC, MoF, MoEF, GOI or the CVC. While we respond to these notices as and when appropriate, we cannot assure you that they will not result in reputational losses or occupy the time of our management in the future.



2. *We face certain operational risks specific to the mining of Lignite and operation of Lignite based thermal power plants.*

All of our existing power plants utilize Lignite as a fuel.

Lignite mining poses certain challenges that are unique to the industry. Mining of lignite is carried out by open cast mining techniques with high mechanization for excavation, transportation and disposal. Lignite is covered by overburden with thickness ranging from 55 to 150 meters. Further, the successful mining of lignite requires that we depressurize the ground water below the lignite seam. Large scale pumping is required to be done continuously to avert heaving of the mine floor and consequent flooding of the mine pit. Strip mining eliminates existing vegetation and soil profile and to a large extent permanently changing the general topography of the mined area. Therefore continuous supply of electricity is required to maintain continuous mining operations.

Lignite has a high content of volatile material which makes it easier to convert into gas and liquid petroleum products than higher ranking coals. However its high moisture content and susceptibility to spontaneous combustion can cause problems in its transportation and storage. Further exposure to natural elements leads to crumbling which reduces the value of lignite as a fuel.

Therefore our lignite mining operations are subject to a number of operating risks. These conditions and events include, among others:

- Only a limited portion and area of the available lignite reserves being mineable in an economically viable manner;
- Certain areas of our lignite mines requiring us to expend greater efforts towards evacuation of overburden including hard and compact boulders and water. This may lead to equipment damage and lower lignite recovery and power generation for such areas;
- Lignite seams becoming thinner or being washed out, or a degradation in quality of the mined lignite due to higher moisture, ash or sulphur content;
- Our overburden dumps facing slope failure or inundation of mine pits;
- Restrictions on the amount of water that we can draw for our mining operations. The depletion of water levels in connection with our mining operations may affect our ability to conduct such operations and may, where such depletion affects the water table, lead to unrest among residents in the area who are unable to access water for their consumption.
- The use of extensive conveyor belt systems both inside our mines and between our mines and power plants which may be exposed to the risk of conveyor belt failures and fires.
- Operation of our mines during the monsoon season requiring us to expend greater efforts towards excavating lignite and leading to the lignite being extracted having a higher level of moisture and lower calorific value. During this period we may also face objections by local communities surrounding our mines due to our evacuation of muddy water.
- the unavailability of specialized materials, equipment or other critical supplies such as of the type, quantity and/or size required to meet production expectations including the availability of specialized mining equipments including bucket wheel excavators, spreaders, conveyors and other heavy equipment, either at a competitive price, or at all;
- the lack of storage and transportation leading to wastage of raw material;
- Wastage of raw material due to high combustibility of Lignite;

Further, the usage of Lignite as a fuel in our power plants exposes us to certain additional challenges including:

- The necessity of using specialized power plant components including Lignite fired boilers



which may not be available at a competitive price, or at all;

- The usage of a fuel which is relatively low in calorific value, which may require special plant design and materials in order to achieve optimum generation capabilities;
- Difficulties in using the Lignite as a fuel, particularly during the monsoon which may lead to higher moisture lignite, which may in turn result in inefficient plant performance or equipment damage; and
- Our limited ability to store an inventory of Lignite which may expose our power generation plants to production delays in our Lignite mines.
- The presence of impurities like sand and Marcasite in Lignite would lead to slagging and fouling of boiler surfaces resulting in decreased efficiency and failure of boiler components.

The above risks may, individually or in the aggregate materially increase the consumption of Lignite in our power plants, our cost of mining and power generation operations and delay or disrupt production at particular mines or power stations, either permanently or for varying lengths of time, which could have material adverse effect on our business, results of operations and financial condition. For instance, the difficulties associated with establishing lignite fired thermal power stations have led to delays in the commissioning of our TPS II expansion. Currently, there is a time overrun of 55 months for commissioning the TPS II expansion and the estimated cost for this project has increased from Rs. 2030.78 crore to an estimated cost of Rs. 3027.59 crore due to technical difficulties, for more see **Risk Factor- We face certain operational risks specific to the mining of Lignite and operation of Lignite based thermal power plants.** This project is yet to be commissioned. We cannot assure you that there will not be any further delays or cost overruns in commissioning this project or other projects and the value of the cost overrun cannot be ascertained presently. Further, we cannot assure you that we will be able to obtain extensions and approvals for our extended timelines or be able to recover the additional cost incurred in relation to such delays from persons who purchase our power. Additionally, our operations involve high fixed costs and require us to generate pre determined quantities of electricity and supply fixed quantities of Lignite. Any reduction in our ability to sustain or increase the level of production will have a material adverse effect on our results of operation and financial condition.

3. Our new business ventures are subject to a number of risks and uncertainties.

We have been engaged in the mining of Lignite in Neyveli, Tamil Nadu since 1956 and the generation of power from lignite fired power plants at the same location. While we have successfully expanded our operations to Barsingsar, Rajasthan, our projects under construction and future projects will require us to operate in new locations, work with types of geography, technology and in conditions which are not familiar to us. This will include the establishment of underground coal mines, development of coal fired power projects, and the conduct of operations in remote and inaccessible locations including a potential expansion of our operations outside India.

Our expansion plans are subject to a number of contingencies, including laws and regulations, governmental action, delays in obtaining permits or approvals, global prices of crude oil and other fuels for transportation, prices of fuel supplies required for plant operations, accidents, natural calamities and other factors beyond our control. Our Mining and Power projects generally have long gestation periods due to the process involved in their establishment. In addition to developing the projects, we will also need to find a suitable market for our power production and require us to execute PPA's in relation to any of our proposed projects. Contracts for construction and other activities relating to the projects are awarded at different times during the course of the projects.

The scheduled completion targets for our power projects are subject to delays as a result of numerous risks and uncertainties such as:

- non-availability of adequate financing on terms acceptable to us;
- unforeseen engineering problems;



- delays in definitive agreements or termination of existing agreements for the purchase of power;
- changes in laws or regulations that make our current execution plans unprofitable or not feasible;
- disputes involving workers at our projects;
- force majeure events, such as floods, earthquakes, cyclones etc;
- inability to secure suitable lignite or coal reserves, water or equipment, in each case to the extent required for the full planned capacity of our projects on competitive terms and in a timely manner; and
- delays in the construction of transportation or evacuation facilities and transmission lines.

Our projects are typically land intensive. In addition, our ability to acquire sites for our expansion plans depends on many factors, including whether the land is private or state-owned, whether the land is classified in a manner that allows its use for the purposes of our projects, and the willingness of the owners to sell or lease their land. In many cases, the area identified as a suitable site is owned by numerous small landowners. Acquisition of private land in India can involve many difficulties, including litigation relating to ownership, liens on the land, inaccurate title records, negotiations with numerous land owners, and obtaining government approvals. Land negotiations can be time-consuming, require us to incur additional costs, and can involve a significant amount of attention and effort from our management. In certain cases, we may not be able to acquire land at all. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

In addition, the public may oppose the acquisition or lease of land due to the perceived adverse impact mining may have on surrounding communities or the environment. We may face significant opposition to the development of our mines from local communities, non-government organizations and other parties. Such opposition or circumstances is beyond our control and even if we are able to overcome any such opposition, we may be subject to significant expenses arising from the rehabilitation and resettlement of communities affected by our projects. We have incurred in the past and will be required to incur in the future significant expenses towards the rehabilitation and resettlement of affected individuals and families.

Obstacles involving proposed land acquisition have resulted in delays in the development of proposed projects as well as our having to abandon certain project proposals. We are subject to significant litigation in connection with land acquisition

Our industry is also subject to a number of laws and regulations and is highly regulated. We cannot guarantee that we will be able to obtain all the necessary approvals or clearances with respect to our expansion plans. In the event that such approvals are not obtained, our business, financial condition, prospects and results of operation may be materially and adversely affected.

The occurrence of any of the foregoing could give rise to delays, cost overruns or the termination of a project.

There can be no assurance that our proposed projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance of contractors will be accurately estimated as part of the planned costs of the projects or that the damages that may be claimed from such contractors will be adequate to compensate any loss of revenues or profits resulting from such delays, shortfalls or disruptions. In addition, failure to complete a project according to its original specifications or schedule or at certain efficiency levels may result in higher costs, penalties or liquidated damages, lower returns on capital or reduced earnings and could render certain benefits under various government statutes becoming unavailable.

In addition, most of our projects are dependent on external contractors for construction, installation,



delivery and commissioning, as well as the supply and testing of key plant and equipment. We may only have limited control over the timing or quality of services, equipment or supplies provided by these contractors and are highly dependent on some of our contractors who supply specialized services and sophisticated and complex machinery. We may be exposed to risks relating to the quality of the services, equipment and supplies provided by contractors necessitating additional investments by us to ensure the adequate performance and delivery of contracted services or the financial condition of our contractors. We cannot assure you that the performance of our external contractors will meet our specifications or performance parameters or that they remain financially sound. Our contractors' failure to perform or delay in performance could result in incremental cost and time overruns, which would adversely affect our expansion plans. In the event we terminate the contract, we may seek a replacement contractor or we may decide to complete the remaining work at the facility internally, with the help of other external contractors. If we are required to engage a new contractor or if we have to complete the contract ourselves, with the assistance of consultants, we will incur additional costs and the project will be further delayed. Disputes with contractors are time consuming, can be disruptive to our business and distracting to management. A dispute with a contractor that results in delays, or causes us to incur additional costs would have a material and adverse effect on our business and results of operations. We have, for instance, had to retender the development of our NNTPS power station and are engaged in several commercial disputes with our contractors and potential contractors.

4. ***Our operations are subject to extensive governmental, health and safety and environmental regulations, which require us to obtain and comply with the terms of various approvals, licenses and permits. We may incur material costs to comply with, or suffer material liabilities as a result of health, safety and environmental laws and regulations. Any failure to obtain, renew or comply with the terms of approvals, licenses and permits in a timely manner may have a material adverse effect on our results of operations and financial condition.***

Our operations are subject to extensive laws and regulations pertaining to pollution and protection of the environment and health and safety of workers. These laws and regulations govern, among other things, emissions to the air, discharges onto land and into water, maintenance of safe conditions in the workplace, the remediation of contaminated sites, and the generation, handling, storage, transportation, treatment and disposal of waste materials, limitations on the amount of groundwater that we may draw, resettlement and afforestation requirements. The impact of such laws and regulations, or any changes to such laws or regulations, may be significant and may delay the commencement of, or cause interruptions to our operations. For instance the commencement of our NTPL project has been delayed due to a delay in obtaining environmental clearances. Obtaining such clearances for this project may be potentially delayed or deferred given its location in a coastal region. The revised cost and revised schedule for this project are pending approval and delays in obtaining this approval may lead to delayed financial closure for the project and may further delay the project.

We also could incur significant costs, including cleanup costs, fines and civil and criminal sanctions, if we fail to comply with these laws and regulations or the terms of our permits. In addition, future changes to environmental laws and regulations, such as changes in laws and regulations relating to climate change, could result in substantial additional capital expenditure, taxes and reduced profitability from increased operating costs or in restrictions on our revenue generation, operations or strategic growth opportunities.

If we were to fail to meet environmental requirements or to have a major accident or disaster, we may also be subject to administrative, civil and criminal proceedings, as well as civil proceedings by environmental groups and other individuals, which could result in fines, penalties and damages against us as well as orders that could limit or halt or even cause closure of our operations, any of which could have a material adverse effect on our business, results of operations and financial condition. We may incur material costs and liabilities resulting from litigations and claims for damage to property or injury to persons arising from our operations. If we are pursued for sanctions, costs and liabilities, in respect of these matters, our operations and, as a result, our profitability could be materially and adversely affected. We may incur environmental liabilities in respect of our operations even for environmental damage caused by acts or omissions of our contractors. We are required to indemnify the contractors, as well as the GoI and the respective state governments, for environmental damage and related losses caused by our exploration and production operations subject to limited exceptions. Our insurance coverage does not cover all potential liabilities that may arise as a result of environmental damage



caused by contractors, our joint venture partners or by us and this may result in a material adverse impact on our results of operations.

5. *Any inability to effectively execute our projects, and manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our operations, results and financial condition.*

We expect that the execution of new power projects, our expansion plans and our growth strategy will place significant strains on our management, financial and other resources. Further, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel, developing and improving our internal administrative infrastructure. We may intend to evaluate and consider expansion in the future to pursue existing and potential market opportunities. Our inability to manage our business plan effectively and execute our growth strategy could have an adverse effect on our operations, results, financial condition and cash flows. If we are unable to successfully implement our business plan and growth strategy, our business, results of operations and financial condition would be materially and adversely affected. In order to manage the execution of new power projects and the restructuring of our existing Mine-I and expansion of Mine-IA, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement and improve these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our expected schedule of project.

6. *Our operations are extensively regulated by the GoI, State Governments and various statutory and regulatory authorities. The compliance costs, liabilities and requirements associated with existing statutory and regulatory requirements and adverse regulatory or policy developments can have a significant impact on our operations.*

Our operations are subject to extensive regulation by the GoI, the relevant State Governments within which we operate, and various central, State, provincial and municipal statutory and regulatory authorities and agencies in India, including without limitation the MoC, MoEF, CERC, CEA, Ministry of Mines, GoI (“**MoM**”), the DGMS, Controller of Explosives and State Pollution Control Boards and electricity regulators. These authorities and agencies regulate many aspects of India’s coal, lignite and power generation industry, including, among others, the following aspects:

- grant and renewal of coal and lignite exploration rights and mining rights;
- pricing of power tariffs and adjustments for various variable costs;
- transfer pricing for our lignite and coal, and ceilings on the limits to which operations and maintenance expenses may be factored into the same;
- acquisition of land and surface rights;
- environmental matters and pollution control, including forest land related approvals, authorization for the handling and disposal of hazardous wastes;
- grant of mining licences and sanctions;
- allocation of new coal blocks which are subject to specific conditions and stipulations failing which such blocks may be deallocated;
- grant of approval for blasting, explosives and depillaring;
- conditions in relation to emissions and consent to operate power plants;
- conditions relating to continuing mining operations;
- safety and health standards;



- labour matters;
- distribution of coal in accordance with applicable GoI policies;
- allocation of coal linkages and coal supply under long-term fuel supply agreements (“FSAs”)
- royalty, cess and other duties and taxes payable.

The compliance costs, liabilities and requirements associated with existing and any new policies and statutory and regulatory requirements can have a significant impact on our operations. Mining royalties and other related costs have demonstrated increases in the recent past which may continue going forward.

There can be no assurance that our results of operations will not be materially adversely affected by any future changes in such regulations and policies.

In addition, a significant majority of our total lignite production is supplied for use in our thermal power plants and the power generated is sold to electricity transmission and distribution utilities. Our business, operations and prospects may therefore be affected by various policies and statutory and regulatory requirements and developments that affect the thermal power industry in India in general or public sector power utilities in particular, including those introduced or administered by the Ministry of Power, GoI and the Central Electricity Authority (“CEA”) and CERC.

We are subject to various other governmental policies, laws and regulations in the mining and power sector. The GoI has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the mining and power industry. It exercises substantial control over the growth of the industry. Further, in the exploration licenses and mining leases in which we have an interest, the GoI retains the right to direct our actions in certain circumstances. Our ability to pursue our own strategy fully in relation to mining and power generation in accordance with our own commercial interests has been affected by such conditions. In addition, the GoI plays an important commercial role in the execution of mining and power generation activities in India. Although the fiscal regime applicable to the mining and power generation industry has been relatively stable in the past, there can be no assurance that this stability will continue in the future.

Presently, the Ministry of Coal (“MoC”) discharges certain regulatory functions relating to the mining of coal and lignite in India. Additionally, the cabinet has, in June 2013 approved the Coal Regulatory Authority Bill, 2013 (the “Bill”) which seeks to set up a regulator to address the issues of coal sector such as quality, supply and pricing. Our Company is currently unable to predict the impact the Bill will have on its business, financial condition, results of operations and prospects, as well as the final form that the Bill will take. The power sector is under the overall control of the Ministry of Power (“MoP”), with the Central Electricity Regulatory Commission regulating the power tariff of the power sector. In the future, Indian regulators, including the MoC and MoP, may adopt new policies, laws or regulations. Our business could be materially adversely affected by any unfavourable regulatory changes.

In addition, existing Indian regulations require that we apply for and obtain various GoI licenses and other approvals, grants of mining leases, and renewals or extensions of mining leases, in order for us to conduct our exploration, development and production activities. If in the future we are unable to obtain any such necessary approvals, our level of reserves and production would be adversely affected.

Variations including retrospective pricing variations, during price fixation or true up exercises conducted by the CERC or the MoC may potentially have an adverse effect on our results of operations.

We are currently involved in appealing several orders which pertain to the fixation of tariffs for our power plants, as well as the fixation of transfer pricing for our lignite supplies. An adverse determination on the same may materially and adversely affect our results of operations and financial performance.

7. *Certain directors and employees of our Company face allegations of engaging in corrupt practices, which may adversely impact our business reputation and operations.*



Certain directors and employees of our Company face allegations of engaging in corrupt practices. We have in the past experienced incidents involving our employees and officers relating to various corrupt practices. While we have initiated various internal compliance procedures to address such corrupt practices, there can be no assurance that we will be able to prevent such incidents in the future. Such corrupt activities by officers, directors, employees and personnel of our Company may continue to result in, loss of revenue, resources and property of our Company, as well as disruption in operations, which could have a material adverse effect on our business, operations and financial results. In addition, such corrupt practices have historically attracted and may continue to attract, significant media attention in India, which could harm our reputation. For further details refer to section on Legal Proceedings.

8. *Our expansion plans require significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business plan and prospects may be adversely affected.*

Our Company will need significant capital to finance our business plan and in particular, our plan for capacity expansion. We are presently engaged in construction activities for projects representing 2,500 MW, including 1,000 MW undertaken by our joint venture companies, which are in different stages of progress. We are also venturing into the renewable energy sector with proposals for wind power project and solar power project. The scheduled completion dates of our expansion plans and budgets with respect to our expansion plans are management estimates only and we cannot assure you that there will not be cost and time overruns.

We expect approximately 30% of our proposed capital expenditures to be funded by internal accruals from either us or our Joint Venture Partners and/ the remaining approximately 70% to be funded by debt financing. Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including our results of operations generally, tariff regulations, interest rates, borrowing or lending restrictions, if any, changes to applicable laws and regulation, the amount of dividend required to be paid to our shareholders and other costs and our ability to obtain financing on acceptable terms. In addition, as there are a number of large-scale infrastructure projects currently under development in India, our ability to obtain additional funding may be impaired and we may not be able to receive adequate debt funding on commercially reasonable terms in India. In the event, we may be required to seek funding internationally, which may result in exposure to foreign exchange risks and which may require approval under, or be restricted by, laws and regulations relating to exchange controls, including RBI regulations. In case we are unable to raise required funds for expansion, our business plans and prospects may be adversely affected.

9. *A significant part of our business transactions are with government entities or agencies, which may expose us to various risks, including additional regulatory scrutiny and delayed collection of receivables.*

We may be subject to additional regulatory or other scrutiny associated with commercial transactions with government owned or controlled entities and agencies. In addition, there may be delays associated with collection of receivables from government owned or controlled entities, including from our significant customers that are power utilities. Although we believe our provisions for such doubtful accounts to be adequate, we cannot assure you that such provisions will be adequate and our failure to collect such debts may adversely affect our results of operation and/or cash inflows.

Our operations involve significant working capital requirements and delayed collection of our receivables could adversely affect our liquidity. In addition, government contracts are subject to specific procurement regulations and a variety of other socio-economic requirements. We must also comply with various regulations applicable to government companies relating to employment practices, record keeping and accounting. These regulations and requirements affect how we transact business with our customers and, in some instances, impose additional costs on our business operations. We are also subject to government audits, investigations, and proceedings. If we violate applicable rules and regulations, fail to comply with contractual or regulatory requirements or do not satisfy an audit, we may be subject to a variety of penalties including monetary penalties and criminal and civil sanctions, which may harm our reputation and could have a material adverse impact on our business, financial condition, and results of operations.



10. *We have incurred significant indebtedness and intend to incur additional substantial borrowings in connection with the development of our power projects and other investments. The indebtedness incurred and the conditions and restrictions imposed by our financing arrangements could adversely impact our ability to conduct our business operations and we may not be able to meet our obligations under these debt financing arrangements.*

As of March 31, 2013, we had total outstanding indebtedness of Rs. 6,414.14 crores. The indebtedness incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences, including, but not limited to, the following:

- we may be required to dedicate a significant portion of our cash flow towards repayment of our debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- we are, and may in future be, required to maintain certain financial ratios and satisfy certain financial or other covenants. If we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, certain of our financing arrangements contain cross default provisions which could be automatically triggered by defaults under other financing arrangements. Additionally, because some of our borrowings are secured against our assets, lenders may sell those assets to enforce their claims against the debt;
- our ability to obtain additional financing through debt or equity instruments in the future may be impaired;
- if we are unable to service our indebtedness, it could cause the lenders to declare an event of default under the loan agreements and we will be required to immediately repay our borrowings either in whole or in part together with related costs;
- we may be required to obtain approval from our lenders, regarding, among other things, our reorganization, amalgamation or merger, our incurrence of additional indebtedness, the disposition of assets and the expansion of our business and we cannot assure you that we will receive such approvals in a timely manner or at all;
- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- it could limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- increasing our project cost since we capitalise our interest during the construction of our facilities.

As at March 31, 2013, we have Rs. 549.14 crores (equivalent to Euro 78.963 million) of unsecured loans. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as our ability to tap the capital markets as a source of capital. We cannot assure you that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial or other covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, cancel unutilized facilities, accelerate the maturity of our obligations or enforce against their security, which may include taking over the power project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

Our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all,



including as a result of any of our existing facilities becoming repayable before its due date. Further, any downgrade in our credit rating may affect our ability to acquire debt financing at current interest rates, and, may adversely affect our business prospect, result of operation and financial condition.

11. We have not independently verified data obtained from industry publications and other sources referred to in this Prospectus and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other industry publications. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.
12. ***The new tariff regulations pursuant to the CERC may adversely affect our results of operations, our cash flow from operations and could result in an increase in future competition for us.***

The Central Electricity Regulatory Commission (“CERC”) 2009 Tariff Regulations valid for the period from April 1, 2009 to March 31, 2014. Under the 2009 Regulations, the Return on Equity shall be calculated on a pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year. For projects commissioned on or after April 1, 2009, there is an additional return of 0.5% on a grossed up basis if the new projects are completed within the timeline specified in the 2009 Regulations. The recovery of interest cost on debt and return on equity for all stations declared in commercial operation on or after April 1, 2009 will be based on a prescribed 70/30 debt to equity ratio. Where the equity employed is greater than 30%, the amount of equity for determination of the tariff will be limited to 30%. The return on the excess equity can be recovered on the same basis as the recovery on the debt component. Where the equity employed is less than 30%, the actual amounts of equity will be used for purposes of determination of the tariff. In the case of existing generating stations, recovery of interest costs on the debt will be based on the debt to equity ratio previously allowed by CERC for the determination of the tariff for the period ending March 31, 2009.

In addition, CERC is progressively tightening the operating norms, which will also have an adverse effect on our results of operations and cash flow from operations.

CERC has already initiated processes for finalising the regulations through approach paper for the next tariff period starting April 2014 to Mar 2019. Further tightening of norms and other parameters are expected to affect the revenues and bottomline of the company.

In addition, the GoI tariff policy issued in January 2006 provides that all future requirement of power should be procured through tariff based competitive bidding from January 06, 2011 by distribution licensees except in cases of expansion of existing projects or where there is a state controlled/owned company as an identified developer and where regulators will need to resort to tariff determination based on norms provided that expansion of generating capacity by private developers for this purpose would be restricted to one time addition of not more than 50% of the existing capacity.

13. ***The interests of our Directors may cause conflicts of interest in the ordinary course of our business.***

Conflicts may arise in the ordinary course of decision making for our Company. Some of our non executive Directors are also on the board of directors of certain companies which are engaged in businesses similar to the business of our Company. There is no assurance that our Directors will not provide competitive services or compete with our Company’s business in which we are already present or will enter into in future.

14. ***Our business involves numerous other risks that may not be covered by insurance.***

Our current operations and expansion plans are subject to risks generally associated with capacity addition, power generation, and the related receipt, distribution, storage and transportation of fuel, equipment, materials, products and wastes. These hazards include explosions, fires, earthquakes and other natural disasters, mechanical failures, accidents, acts of terrorism, operational problems, delay in development by third-parties of, or congestion in, transmission lines, transportation interruptions, chemical or oil spills, discharges of toxic or hazardous substances or gases, and other environmental risks. These hazards can cause personal injury and loss of life, environmental damage and severe damage to or destruction of property and equipment, and may result in the limitation or interruption of



our business operations and the imposition of civil or criminal liabilities. We are also subject to risks such as operational failure due to faulty equipment and business interruption due to strikes and work stoppages.

While we maintain insurance of our operating plants, mines and projects with ranges of coverage that we believe to be adequate, we are not fully insured against all potential hazards and events incidental to our business and cannot assure you that our insurance coverage will be adequate and available to cover all losses incurred in relation to such types of incidents. For instance, we do not insure all our heavy equipment which is used for removal of overburden on our mines.

We are not covered for certain risks such as war, for machinery loss of profits or earnings, damaged or destroyed data or records, or damage or loss due to pollution or contamination. The occurrence of any such events may have a material adverse effect on our business, financial condition and results of operations and the trading price of our Equity Shares.

15. *We are exposed to risks brought about by asset concentration in a specific geographic region.*

We operate three opencast lignite mines of total capacity of 28.5 MTPA at Neyveli and one open cast lignite mine of capacity 2.1 MTPA at Barsingsar, Rajasthan and three thermal power stations with a total installed capacity of 2490 MW at Neyveli and one thermal power station at Barsingsar, Rajasthan with an installed capacity of 250 MW. Due to the concentration of our proved plus probable lignite reserves and power plants in Neyveli in the district of Cuddalore, the occurrence of certain events such as natural catastrophes, terrorist attacks and other acts of violence or events in this area may affect our operations and as a result, our financial conditions. Further, our consequence of any catastrophic damage to installations or other event that could adversely affect the excavation activities and/ or generation of power in a limited geographic area, including catastrophic damage to installations, natural catastrophes, terrorist attacks and other acts of violence or events may also impact us substantially. Hence, future production will be highly dependent upon our success in acquiring or finding and developing additional and new reserves in a timely and cost-effective manner in Neyveli and other locations. If we are unsuccessful in our above efforts, our total proved reserves and production will decline over time, which will adversely affect our results of operations and financial condition.

16. *Our financial results may be subject to seasonal variations and inclement weather could adversely affect our business and results of operations.*

Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during monsoon season, may delay or disrupt development of our power projects undergoing construction and affect the generation of power at our operational power plants due to the increased moisture content of Lignite and decrease in its calorific value. Further, at such times our coal and lignite production may also be adversely affected. Further, demand for our power may vary as a result of power consumption by consumer businesses which are seasonal in nature and a downturn in demand for power by such consumers enables us to carry out maintenance and overhauling activity during this period, which, in turn, reduces our revenue during such periods.

17. *We may encounter problems relating to the establishment or operation of joint ventures, which could adversely impact our strategy, business and results of operations.*

We have entered into three joint venture agreements for the incorporation of joint venture companies, namely, NTPL, NUPPL and MNH Shakti. These joint ventures enable us to undertake coal based power generation and to commence coal mining business. Our business is therefore dependent on developing and maintaining continuing relationships with our current or potential strategic joint venture partner(s). These joint ventures are subject to the risk of non-performance by our joint venture partners of their obligations, including their financial obligations, in respect of the joint venture. Joint venture partners may have business interests or goals that may differ from our business interests or goals. Any disputes that may arise between us and our joint venture partners may cause delays in completion or the suspension or abandonment of the venture. Any of the foregoing may have an adverse effect on our business, prospects, financial condition and results of operations and our ability to implement our growth strategy.



Additionally, all these joint venture agreements contain clauses which prevent us from transferring or selling our equity shares in the joint venture company without the prior written approval of the other joint venture partner. We are also required to offer our shares in the joint venture to the other joint venture partner, in the event that we intend to transfer or sell our shares, before transferring or selling the same to a third party. We have agreed to a term in the NTPL joint venture agreement, which requires the mutual acceptance of the joint venture partners if a government entity proposes to become a part of NTPL by divestment of holding by either, us or the other joint venture partner. Our MNH undertaking has entered into an undertaking with the MoC to produce a certain volume of coal each year, in accordance with the mining plan, failing which, an amount equal to the lag in production is to be deducted from the bank guarantee and upon exhaustion of the bank guarantee amount, the coal block is liable to be cancelled. The revised cost estimate for our NTPL joint venture is pending approval by the GoI. We also require the assistance of our joint venture partners to make and obtain various regulatory approvals and licences and are dependent on them to make and obtain such applications. These clauses limit our ability to make optimum use of our investment or exit these companies at our discretion, which may have an adverse impact on our financial conditions.

18. *If we are unable to adapt to technological changes, our business could suffer.*

Our future success will depend in part on our ability to respond to technological advances and emerging power generation industry standards and practices on a cost-effective and timely basis. Changes in technology and high fuel costs of thermal power projects may make newer generation power projects or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. In addition, there are other technologies that can produce electricity, most notably oil, nuclear, hydroelectric, fuel cells, micro turbines, windmills, solar thermal and photovoltaic (solar) cells. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging power generation industry standards and practices in a cost-effective and timely manner that is competitive with other thermal power projects and other methods of power generation. The development and implementation of such technology entails significant technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our processing systems to customer requirements or emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

19. *We outsource significant operations and may become liable for defaults by our contractors.*

We have in the past and will continue to engage entities on a contract basis to perform specific functions in our mining operations including overburden and lignite removal. These contractors would be required to perform certain specific and highly specialized tasks critical to our business. We have been increasing the volumes of work that we entrust to these contractors and outsourced service providers in the recent past. The operations of our mine at Barsingsar is entirely outsourced.

In the course of such operations, we are dependent to an extent on the operating efficiencies of the contractor and may be exposed to liability for actions taken by the operating contractor. Additionally contractual counterparties may not be able to meet their financial or other obligations to their counterparties or to their employees/ workers on their rolls.

20. *Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.*

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for project implementation, management and running of our daily operations, and the planning and execution of our business strategy. Our business is dependant on our maintaining a skilled workforce. There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the power business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired.



We face specific disadvantages in our efforts to attract and retain our management. As a public sector undertaking, GoI policies regulate and control the emoluments, benefits and perquisites that we pay to our employees, including our key managerial and technical personnel and these policies may not permit us to pay at market rates. Consequently, private sector market participants that are able to pay at market rates in power generation, coal and lignite mining and other activities in the industry have been attracting qualified personnel and diluting the talent pool available to public sector undertakings. The loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations. In addition, as some of our key personnel approach retirement age, we need to have appropriate succession plans in place and to successfully implement such plans. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our business, financial condition, and results of operations. Our performance also depends on our ability to attract and train highly skilled personnel. If we are unable to do so, it would materially and adversely affect our business, prospects and results of operations.

21. *Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.*

Our operations could be subject to war, terrorism, earthquakes, telecommunications failures, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, and other natural or manmade disasters or business interruptions. The occurrence of any of these business disruptions could seriously harm our revenue and financial condition and increase our costs and expenses. The ultimate impact on us and our general infrastructure as a result of such natural or manmade disasters or business interruptions is unknown, but our revenue, profitability and financial condition could suffer in the event of any such natural or manmade disasters or business interruptions. We cannot assure that we will be able to effectively carry out our operations in the event such disruption occurs.

22. *Total expenditure under our resettlement and rehabilitation policy may exceed the amounts we anticipate.*

We incur expenditure toward resettlement and rehabilitation activities at our projects, including amounts payable to affected persons, resettlement grants, providing community facilities and compensatory afforestation, greenbelt development and other expenditure based on our Rehabilitation Action Plan. Expenditure toward resettlement and rehabilitation activities is beyond the control of our management. For instance, significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process may put pressure on us to increase our resettlement and rehabilitation related compensation and expenditure. We cannot assure you that the amount we have provisioned to spend will be sufficient to cover our actual expenditure and our obligations toward resettlement and rehabilitation activities.

23. *Significant increases in our employee remuneration and benefits may adversely affect our expenses and may adversely affect our financial condition.*

Employee remuneration and benefits represent the largest component of our total expenditure. Employee remuneration and benefits expenses in Financial year 2012- 2013 were Rs. 1952.42 crores which amounted to 31.63% of our total revenue. Salaries, wages and benefits for our non-executive employees is governed by an agreement between the recognized trade unions and us/. The last Memorandum of Settlement, which was finalized in 2010 with effect from January 1, 2007 is effective for a period of five (5) years and has expired. We will need to negotiate a revised settlement with our recognized trade unions. Salaries, wages and benefits of our executive employees are determined by the GoI and are fixed for a period of ten years. Further, performance based incentive schemes and bonuses are also prescribed for a period of four years.

The Pay Committee of the GoI has recommended that all public sector undertakings should formulate an employees' stock option plan ("ESOP") and that 10 % to 25% of the performance related payment should be paid as ESOPs. The effect of the implementation of such an ESOP scheme by our Company is not presently possible to quantify. Significant increases in our employee remuneration and benefits may adversely affect our expenses and may adversely affect our financial condition.



24. *We may be adversely affected by changes in GoI's policy relating to us.*

Following the Issue, the Government will own 90% of our paid-up capital. We generally manage our business on a day to day basis independently from the GoI. Changes in the terms of, or the loss of, our "Navratna" status may decrease our autonomy and our ability to compete with other participants in the Indian power and mining sector.

Any significant changes in the Government's shareholding in us, and/or pursuit by the Government of policies that are not in our interests, could adversely affect our business.

25. *We are required under the Listing Agreement to appoint an additional independent director on our Board within the next one hundred and eighty days.*

One of our independent director's term ended on June 25, 2013. In terms of the provisions of clause 49 of the Equity Listing Agreement we have a period of one hundred and eighty days to appoint another independent director on our Board. It may be noted that the power to appoint directors on our Board vests with the President of India. In the event this appointment is not completed within one hundred and eighty days from such vacancy, we may be subject to penalties or proceedings by the SEBI or the Stock Exchanges.

26. *Our business, financial condition and results of operations may be materially and adversely affected if we are unable to avail certain tax benefits or if there are any adverse changes to the tax regime in the future.*

Section 80-IA of the Income Tax Act, 1961 ("IT Act") provides that, subject to certain conditions being fulfilled, 100% of the profits derived from the projects for the generation, distribution or transmission of power would be entitled for deduction from the total income for 10 consecutive assessment years out of 15 years, beginning from the year in which the project commences power generation, transmission or distribution of power, before March 31, 2014. If such or other tax benefits become unavailable, our financial condition, results of operations and business could be materially and adversely affected. For details, please see "Statement of Tax Benefits".

The draft bills on the Direct Tax Code and Goods and Services Tax have been announced. As these bills have not yet been finalised, we are unable to ascertain the full impact of these tax changes on our revenues.

27. *There is one criminal case pending against certain of our employees and any adverse decision would adversely impact the business, financial condition and reputation of our Company.*

A criminal case involving four of our employees has been filed by Deputy Director of Mine Safety, Chennai and is currently pending before the District Munsiff cum Judicial Magistrate, Neyveli. This matter relates to an industrial accident resulting in a fatality in Mine II. We cannot provide any assurance that the case will be decided in favour of our employees. Further, there is no assurance that similar proceedings will not be initiated against us or our employees in the future. Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution.

28. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our or our contractors' work force or any other kind of disputes involving our work force.*

We employ significant number of employees and engage various contractors who provide us with labourers at our coal and lignite mines and power projects. Our Company has two unions that are registered under the Trade Union Act 1926. The two trade unions have political affiliations. Any shortage of skilled personnel or work stoppages caused by disagreements with our work force could have an adverse effect on our business, and results of operations. We had entered into contracts with independent contractors to complete specified assignments and these contractors may be required to source the labour necessary to complete such assignments. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments, or benefits and amenities to labourers engaged by our independent contractors should such contractors default on wage payments or in providing benefits and amenities. Any requirement to fund such payments may



adversely affect our business, financial condition and results of operations. We are currently in the process of absorbing our contract labourers into the rolls of the Company. Furthermore, as per the directions of the Supreme Court we are in the process of finalizing a list of contract employees based on the order of seniority to be absorbed by our Company. Any such process of absorption or any fresh demand by other contract workers for absorption may adversely affect our business and results of our operations. Further, we cannot assure you that we will not face any such demands in the future.

29. *We are subject to many labour laws and trade union activity.*

India has stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize and this may adversely affect our business and profitability. Our employees/workmen are represented by two recognised trade unions among other registered trade unions. Our Company has entered into many agreements with the recognised unions binding on all unionised categories of employees. We have in the past suffered disruptions in our operations due to strikes by our employees, most recently in July 2013. We cannot assure you that such disruptions will not occur in the future.

30. *We have not registered our name and logo or the trademarks of our joint ventures or subsidiaries, and any failure to protect our intellectual property rights may adversely affect our business.*

Currently, we do not have a registered trademark over our name and logo for our Company or for any of our joint ventures or subsidiaries under the Trade Marks Act, 1999, and consequently we do not enjoy the statutory protections accorded to a trademark registered in India. and there is no assurance that we will be able to register the same trademark in our favour. Any failure to protect our intellectual property rights may adversely affect our business. We hold a registered patent for production of “Humigold” a plant nutrient developed from lignite by the Company’s R&D wing. The commercialisation of the above product in association with NRDC, Bangalore a Central Public Sector Enterprise is in progress. There is no assurance that we will be able to profit from such commercialization.

31. *Any disruptions to our business during the implementation or operation of our Enterprise Resource Planning Platfo (the “ERP”) and disaster recovery could materially adversely affect our ability to carry on our business efficiently.*

We have invested heavily in information technologies designed to help us better monitor and run our business. We are in the process of implementing our ERP and disaster recovery program to cover our business processes and provide a real time view and redundancy for the performance of our stations and mines. Our inability to successfully implement of our ERP system and disaster recovery program may lead to disruptions in our business and operations and may materially and adversely affect our financial performance and results of operations.

32. *NUPPL has incurred losses in the last fiscal year and has negative net worth.*

One of our Subsidiaries NUPPL was incorporated on November 9, 2012 and has incurred losses during the last financial year, as set forth in table below:

Name of Subsidiary	For the year ended March 31, 2013 (Rs. In crores)
NUPPL	2.00

33. *We have significant contingent liabilities that we have not provided for in our balance sheet*

As of March 31, 2013, as per our financial statements, our consolidated contingent liabilities not provided for were as follows:

Contingent Liabilities	As of March 31, 2013 (Rs. in crore)
Capital commitments not provided for	2,370.80
Claims against the Company / disputed demands not acknowledged as debt	2,190.72



Contingent Liabilities	As of March 31, 2013 (Rs. in crore)
Bank guarantees	26.45
Corporate guarantees	Nil
Total	4,587.97

34. *Our present and future mining operations are subject to various operating risks, which could result in materially increased operating expenses and decreased production levels and could materially and adversely affect our results of operations.*

Our mining operations are subject to a number of operating risks. These conditions and events include, among others:

- Difficult mining conditions resulting from hydrogeological, geotechnical, or other conditions;
- adverse weather and natural disasters, such as heavy rains particularly in Neyveli which is located in the monsoonic belt and prone to cyclones, flooding and other natural events affecting operations, transportation or customers;
- the unavailability of skilled and qualified labour and contractors;
- the unavailability of materials, equipment (including SME, conveyors and other heavy earthmoving machinery) or other critical
- supplies such as explosives, fuel, lubricants and other consumables of the type, quantity and/or size required to meet production expectations;
- the lack of / limited capacity of rail infrastructure and longer distance from rail transportation facilities and rail transportation delays or interruptions;
- delays, challenges to, and difficulties in acquiring, maintaining or renewing necessary permits, including environmental permits, or mining or surface rights;
- accessibility of project sites;
- delays or difficulties in, the unavailability of, or unexpected increases in the cost of acquiring, developing and permitting new mining reserves and surface rights;
- acquisition of adequate land for our mining projects in a timely manner or at all;
- competition and/or conflicts with other natural resource extraction activities and production within our operating areas;
- a major incident or accident at a mine site, such as slope failures in large open cast mines, that causes all or part of the operations of a mine to cease for some period of time;
- seepage of water in overburden benches interfering with our mining operations;
- unexpected equipment failures and maintenance problems;
- law and order problems;
- loss of man days due to industrial labour problems and unauthorized absentees of labour;
- power interruptions; and
- current and future health, safety and environmental regulations or changes in interpretation or implementation of current regulations.



These conditions and events may materially increase our cost of mining operations and delay or disrupt production at particular mines either permanently or for varying lengths of time, which could have material adverse effect on our business, results of operations and financial condition. Additionally, our operations involve high fixed costs, and any reduction in our ability to sustain or increase the level of production will have a material adverse effect on our results of operation and financial condition.

- 35. *If we fail to acquire or find and develop additional reserves, or if we fail to redevelop existing mining fields, our reserves, production and profitability may decline materially from their current levels over time.***

Successful execution of our mining strategy depends critically on sustaining long-term reserves replacement of Lignite and coal. If mining resources are not progressed in a timely and efficient manner, we will be unable to sustain long-term replacement of our reserves. Unless we conduct successful exploration and development activities or acquire properties containing proved reserves, or both, our proved reserves will decline over time as existing reserves are being exploited. In addition, the volume of production from properties containing mines generally declines as reserves are depleted. Any inability to develop long term resources may have an adverse effect on our business, prospects, financial condition and results of operations and our ability to implement our growth strategy.

- 36. *Geological complications during project execution may negatively impact our time and cost.***

We may experience unanticipated geological complications during the execution of our mining or thermal projects, especially development of lignite and coal mines. Our construction projects are designed based on certain assumptions made to the locations of our power projects after studies have been made. However, we cannot guarantee that such assumptions would be accurate. For example, during the execution of our construction projects, we may discover adverse rock strata, terrains, or trapped gases and our designs may be unsuitable for dealing with such geology. These geological factors may result in costs and/or time overruns or the project may have to be abandoned due to impossibility or because the project is no longer economically feasible.

- 37. *Estimates of coal and lignite reserves are subject to assumptions, and if the actual amounts of such reserves are less than estimated, or if the quality of the coal or lignite reserves is lower than estimated, our results of operations and financial condition may be adversely affected.***

Actual reserves and production levels in coal and lignite mines or any future coal or lignite blocks that we may be allotted may differ significantly from estimates, as such estimates are subject to various assumptions such as interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Additionally, there is no assurance that the mines from which our Company intends to source our coal requirements for our power projects, or those linkages awarded to us, would be able to meet all our coal requirements. If the quantity or quality of our coal or lignite reserves has been overestimated, we would deplete our coal or lignite reserves more quickly than anticipated or incur increased costs to process relatively lower levels of coal or lignite if the quality of coal or lignite is inferior than anticipated and in such event, we may have to source the required coal in the open market. Prices for coal in the open market may exceed the cost at which we might otherwise be able to extract coal, and may involve substantial transportation costs, which would increase our operating costs and adversely affect our business, financial condition and results of operations. We may not be able to identify a suitable source of coal in the open market. In addition, there can be no assurances that we will be successful in mining coal or lignite from the blocks that have been or may be allotted to us at a low enough cost for such blocks to benefit the profitability of our business or that the mined will meet the coal specifications required for use in our power stations.

- 38. *If the assumptions underlying our reclamation, mine closure and void closure obligations are materially inaccurate, our costs could be significantly greater than anticipated.***

The GoI establishes operational, reclamation and closure standards for all aspects of surface mining. We have significant ongoing mine closure and rehabilitation obligations. We estimate our total rehabilitation and mine-closing liabilities based on permit requirements, engineering studies and our engineering expertise related to these requirements. The estimate of ultimate reclamation liability is



reviewed periodically by our management and engineers. The final mine closure and rehabilitation liability at the end of the life of the mine depends on the outcome of various events during the period of operation and the conditions proposed by the MoEF for mine closure.

We are required to deposit amounts in escrow on the basis of current estimates for such liability. As on March 31, 2013, the available escrow deposit towards such liability amounted to Rs. 158.54 crores. The estimated liability can change significantly if actual costs vary from our original assumptions or if governmental regulations change significantly, which could have a material adverse effect on our business, financial condition, and results of operations. For instance, the MoEF has recently proposed a requirement for final void closure. This may materially increase our costs associated with mining and make a mining proposal uneconomical.

39. ***The Mines and Minerals (Regulation and Development and Regulation) Bill, 2011 has been proposed which shall amend the Mines and Mineral Development and Regulation Act, 1957, with significant changes in the law regulating the mining sector. This Bill requires us to share 26% of our profits with local inhabitants and would base the award of mining blocks in the future on an auction basis.***

The Mines and Minerals (Development and Regulation) Bill, 2010 (the “**Bill**”) has been introduced in the Lok Sabha in the winter session in the year 2011. It proposes to implement the National Mining Policy, 2008, based on the recommendations given in 2006 by the Hoda Committee appointed by the Planning Commission, Government of India. The Bill is slated to amend the Mines and Mineral Development and Regulation Act, 1957, as amended (“**MMDR Act**”).

The Bill seeks to decentralize powers to the States and increase revenues to the Government, including through rationalization of royalties, taxes and cesses and through the offer of mining blocks on an auction basis, pursuant to promotional regional exploration by the concerned State Governments. The Bill among other things replaces the procedure of renewal of mining leases currently applicable under the MMDR Act, provides for expeditious disposal of mining applications and a dispute resolution mechanism. These mechanisms may interfere with, and potentially add to the costs associated with our business and operations.

In the provisions of the Bill, mining leases are to be extended when an application is made at least 24 months prior to the expiry of the lease.

The Bill further mandates that with respect to the land in which minerals vest, the holder of a license or mining license shall be liable to pay reasonable annual compensation to the person holding occupation or usufruct or traditional rights of the surface of the land over which the license and lease has been granted (“**Stakeholders**”), as mutually agreed (failing which State Government determines). The proposal includes the formation of National Mineral Royalty Commission consisting of representatives of Central Government, the state governments and the mining industry which shall review the existing royalty payable. The Bill was referred to the standing committee on coal and steel, which deliberated on the Bill and provided its recommendations on May 7, 2013. A core group set up by the MoM will examine the recommendations of the Standing Committee on Coal and Steel.

The Bill is subject to change based on such debates and discussions and if approved, shall be in its final form the law which will apply to the mining sector in India. In its current form, we are unable to predict the impact the Bill would have on our business, results of operation and financial condition as its provisions require substantial interpretation, which makes its application uncertain, and there can be no assurances as to the provisions of the final law which may be adopted as result of the proposed introduction of the Bill or the scope of such law. However, the Bill purports to address many areas that are critical to our business and future results of operation, including our ability to obtain new mining blocks, renew our existing mining licenses and obtain new mining licenses and the level of compensation and royalties we pay in respect of mining licenses we seek to renew or new mining licenses we seek to obtain and there can be no assurances that any law adopted as a result of the proposed introduction of the Bill will not have a materially adverse impact on us in these or other areas, or a material impact on our business, results of operation and financial condition as a whole.

40. ***We depend on key equipment and machinery to conduct our lignite mining operations. Acquisition***



of mining equipment is capital intensive, and if such equipment is not utilized in a productive and efficient manner, we may not realize the benefits we expect from such equipment and our operations and profitability may be adversely affected.

Our lignite mining and processing operations depend on various key equipment and heavy earthmoving machinery including Bucket Wheel Excavators and Spreaders. Some of the equipment which we use in our open cast mines and production facilities is more than 40 years old and may require maintenance, upgradation or replacement. In order for us to develop and operate large open cast mines and develop mechanized underground mining operations, we need to invest in additional advanced technologies and higher capacity equipment. As acquisition of mining equipment is capital intensive, if such equipment cannot be utilized in a productive and efficient manner as a result of various circumstances, we may not fully realize the benefits we expect from such equipment and our operations and profitability may be adversely affected. Further, if there is any potential delay or default on the part of equipment suppliers or if we are unable to acquire advanced technology or equipment in a timely manner or fail to appropriately upgrade existing technology and equipment, we may not be able to fully exploit our reserves, which could have an adverse effect on our business, financial condition, results of operations and prospects. In particular, there are a limited number of suppliers for heavy earthmoving machinery, some of which are imported. Moreover, due to the significant expansion of mining investments worldwide, mining equipment prices have increased significantly in recent years. Increase in the cost of mining equipment and spares may increase our cost of production and could adversely affect our profitability.

41. *Any shortage in the availability or the reliability of transportation infrastructure and capacities for the offtake of our coal may adversely affect our business and results of operations.*

We will depend primarily on a combination of rail, road and sea transportation to deliver coal to our coal based power plants. The availability of coal for our power plants may be constrained by inadequate transportation capacities, including non-availability of adequate transport infrastructure. We may also be dependent on third party road transportation providers, including truckers, for the supply from the mine to the beneficiation facilities and the railway sidings and further for the supply of coal to our power plants. Non-availability of adequate road transportation, including in the form of transportation strikes could, in the future, have an adverse effect on our receipt of materials and offtake arrangements for coal produced by us.

In addition, road and rail transportation may be adversely affected as a result of adverse weather conditions, mechanical failures, infrastructure damage, accidents, strikes, insurgency threats in the regions we operate in or other factors beyond our control, which could adversely affect our ability to supply coal and comply with any power supply obligations under our power purchase agreements. If we are unable to secure adequate rail or road transportation capacities or secure economically viable alternative modes of transportation for the purchase of coal for our power projects, our business, results of operations and financial condition may be materially and adversely affected.

42. *We face competition as a result of deregulation in the Indian power sector. We cannot assure you that we will be able to compete effectively and our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.*

The Electricity Act, 2003 (the “**Electricity Act**”), which came into force in June 2003, removed licensing requirements for thermal generators, provided for open access to transmission and distribution networks and removed restrictions on the right to build captive generation plants. These reforms provided opportunities for increased role for private sector in power generation. Specifically, non-discriminatory open access regulations of state regulatory commissions which enabled generators to sell directly to bulk consumers increased the financial viability of private investment in power generation. Large Indian business houses with established commercial power generation companies and significant resources and many years of experience in the commercial power generation business will be competing with us. We may compete with Indian and international companies seeking to set up or expand their power generation business and to obtain the land, coal, water and other resources required for power projects, in addition to having to compete with the established central and state power utilities. Competitive bidding for power procurement further increases the competition among the power generators. Our competitors may have greater resources, better flexibility and lesser controls



on their systems and procedures than we do and may be able to achieve better economies of scale or who may have access to cheaper sources of fuel than we do, allowing them to bid at more competitive rates. We may face the pressure of decreased margins and other unfavourable terms and conditions for the sale of our power due to such competition. Further, as a result of the measures introduced under the Electricity Act (see “*Industry Overview – Regulatory Framework*”), SEBs may experience improvements in their financial position and may seek to expand their own installed capacity. We cannot assure you that we will be able to compete effectively given the increased competition. Our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.

43. *The unbundling of the SEBs pursuant to the Electricity Act could have an adverse impact on our revenues.*

Under the Electricity Act, the SEBs are required to unbundle their operations into separate generation, transmission and distribution companies. While this has taken place for several SEBs, the unbundling of certain SEBs with whom we have signed PPAs remains pending. Following unbundling, our power purchase agreements (“PPAs”) with the SEBs will be terminated and we will enter into a supplementary PPA with one or more of the unbundled entities. These unbundled entities, particularly distribution companies, may have lower creditworthiness than the original SEBs. This could adversely affect their ability to make payments to us. Further, upon divestment of ownership or control of a SEB or any of the unbundled entities, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the tripartite agreement relating to the SEB or the unbundled entity, as applicable will expire. In such an event, the SEB or the unbundled entity, as applicable, may no longer establish letters of credit in our favour, which could have an adverse impact on our realization of dues from them.

44. *Our PPAs may expose us to certain risks that may affect our future results of operations.*

Our profitability is largely a function of our ability to operate our power projects at optimal levels as per minimum performance standards that may be determined for us from time to time by national bodies and our ability to manage our costs. Any failure to meet such minimum performance standard or manage our costs may have an adverse affect on our business and results of operation.

Further, we have entered into certain long-term PPAs. Such long-term arrangements have inherent risks which may not be within our control as they restrict our operational and financial flexibility. For example, our long-term PPAs provide for the sale of power to the customers at tariffs and terms determined by the CERC.

In addition, we derive a substantial portion of our sales of electricity from SEBs and state owned distribution companies through long-term PPAs. However, in the event that such PPAs are terminated prematurely, or not renewed or extended after the initial term expires, and if we are unable to enter into purchase agreements with other customers, this may have an adverse effect on our business, financial condition and results of operation.

45. *Activities in the power generation business can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business, legal and regulatory actions which could adversely affect our business, financial condition and results of operations.*

The power generation business requires us to work under potentially dangerous circumstances, with highly inflammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, cause damage to our properties and properties of others and harm the environment. Due to the nature of these materials, we may be liable for certain costs related to hazardous materials, including cost for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees or third parties for injuries arising from occupational exposure to materials or other hazards at our power stations. This could subject us to significant disruption in our business, legal and regulatory actions, which could adversely affect our



business, financial condition and results of operations.

46. *Our operations and our expansion plans have significant water requirements and we may not be able to ensure regular and adequate availability of water.*

Water is a key input for thermal power generation and our operations and the proposed expansion of our generation capacity will be dependent on, among other things, our ability to ensure unconstrained and undiminished availability of water during the life cycle of our existing and planned power stations. Changing weather patterns and inconsistent rainfall can hamper water supply at our power stations. Although we create reservoirs to hold water to cover any temporary shortfall, these reservoirs do not have sufficient capacity to sustain supply to the power stations for extended periods of time.

We rely on water supply arrangements with certain state governments and state government bodies. Any interstate water disputes may affect the ability of these state governments to supply water to us. Water is a limited and politically sensitive resource, and has to be carefully allocated by the state governments for use between several groups of users.

In the event of water shortages, our power projects may be required to reduce their water consumption, which would reduce their power generation capability. Expansion of our generation capacity and the development of new power plants cannot be initiated unless we have regular and adequate availability of water for these projects. We are unable to assure you that we will receive the regular and adequate quantities of water for the construction and/or operation of these power plants.

47. *We undertake regular renovation and modernization schemes which require significant capital expenditure.*

Many of our stations are old and our average station life is 21 years. We undertake renovation and modernization schemes with a focus on feasible and cost effective technology upgrade, efficiency improvements to upgrade the old units to the latest designs. We propose to invest over Rs. 435 crores over the next eight years in the renovation and modernization of various projects. Our renovation and modernization schemes require significant expenditures of capital. If we were not able to obtain the financing necessary to implement these schemes, our operating performance may suffer. Any degradation in our operating performance would have an adverse effect on our financial results.

48. *If we are unable to commence operations as expected, our results of operations will be adversely affected.*

Our power projects have long gestation periods due to the process involved in commissioning power projects. Additionally, power projects typically require months or even years after being commissioned before positive cash flows can be generated, if at all. In addition, given the amount of developmental activity in the power sector in India, the commercial viability of our power projects may need to be re-evaluated and we may not be able to realize any benefits or returns on investments as estimated.

The scheduled completion targets for our power projects are estimates and are subject to delays as a result of, among other things, contractor performance shortfalls, unforeseen engineering problems, dispute with workers, force majeure events, availability of financing, unanticipated cost increases or changes in scope and inability in obtaining certain property rights, fuel supply and government approvals, any of which could give rise to cost overruns or the termination of a power project's development. There can be no assurance that our power projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance, will be covered or that the damages that may be claimed from such contractors shall be adequate to cover any loss of profits resulting from such delays, shortfalls or disruptions.

49. *We may not be selected for projects we bid for in the future or those projects that we will bid upon in the future, if selected, may not be finalised within the expected time frame or on expected terms.*

We may submit bids for various power projects from time to time as mandated by the competitive bidding guidelines of the GoI tariff policy effective from January 6, 2011. There might be delays in the bid selection process or our bids, may not be selected or, if selected, may not be finalised within the



expected time frame or on expected terms or at all owing to a variety of reasons which are beyond our control, including an exercise of discretion by the government or customers and greater resources of our competitors to make a competitive bid. Further, there is no assurance that we may qualify to submit bids.

50. *Significant increases in prices or shortages of building materials may increase our cost of construction.*

The cost of construction of our projects is affected by the availability, cost and quality of the raw materials. The prices and supply of these and other raw materials depend on factors not under our control, including general economic conditions, competition, production levels, transport costs and import duties. If, for any reason, we are unable to obtain such raw materials in the quantities we need and at reasonable prices, our ability to meet our material requirements for our projects may be impaired, our construction schedules may be disrupted and our reputation and financial condition may be adversely affected.

51. *Any downgrading of the ratings assigned to our debt could have a negative impact on our business.*

We have been conferred with AAA ratings for our bank facilities by ICRA Limited (“**ICRA**”), Brickwork Ratings India Private Limited (“**BRICK**”), Credit Analysis & Research Limited (“**CARE**”) and CRISIL Limited (“**CRISIL**”). For details, please see “*Our Business – Credit Ratings*”.

Any adverse revisions to the credit ratings for our debt facilities by the above rating agencies or any new adverse ratings may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. It may also make our existing borrowings more expensive to finance and increase the interest rates and terms on which we avail our loans.

This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the trading price of our Equity Shares.

Risks relating to the Issue

52. *The interests of the GoI as our controlling shareholder may conflict with your interests as a shareholder.*

Upon the completion of the Issue, the GoI will hold 90% of our paid up equity share capital. Consequently, the GoI, acting through the MOC, will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our shareholders, capital expenditure in case of Joint Ventures, dividend policy, transactions with other GoI-controlled companies or the proposed assertion of claims against such companies and other public sector companies. In addition, as per our Articles of Association, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a public sector Company.

The interests of the GoI may be different from our interests or the interests of our other shareholders. In addition, most of the companies we do business with or compete with domestically are also GoI controlled entities and are subject to similar risks arising out of the GoI controlling interests in them. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders’ best interests. The GoI could, by exercising its powers of control, initiate a change of control of our Company or a change in our capital structure, a merger, consolidation, takeover or other business combinations involving us or our competitors and peers or initiate a merger with another public sector undertaking. In particular, given the importance of the mining and power industry to the economy, the GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximize our profits.

53. *Future sales of Equity Shares by shareholders, including by the GoI, or any future equity offerings by us may adversely affect the market price of the Equity Shares.*

Upon the completion of the Issue, the GoI will hold 90%, of our paid up equity share capital. The



market price of the Equity Shares could be affected by sales of a large number of the Equity Shares by the GoI or by a perception that such sales may occur.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

54. *You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.*

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India.

55. *The Issue Proceeds will not be available to us.*

As this Issue is an offer for sale of Equity Shares by the Selling Shareholder, the Issue Proceeds will be remitted to the Selling Shareholder and our Company will not benefit from the Issue Proceeds.

56. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.*

Pursuant to the Department of Public Enterprises Office Memorandum dated October 15, 2010, profit making PSUs are required to declare a minimum dividend of 20 % of their post tax benefit. However, the amount of our future dividend payments, if any, is subject to the discretion of the Board of Directors, and will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance as to whether our Company will pay a dividend in the future and if so the level of such future dividends. For more information on our dividend policy, please see “*Dividend Policy*”.

External Risk Factors

57. *The global financial crisis and global and domestic economic conditions may have a material adverse effect on our business, financial condition and results of operations.*

In the past, global financial markets experienced a period of unprecedented turmoil and upheaval characterized by extreme volatility and declines in prices of securities, diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, nationalization or sale of financial institutions and an unprecedented level of governmental intervention. The Indian economy and financial markets were also significantly impacted by such global economic, financial and market conditions.

Due to the conditions in the global and domestic financial markets, we cannot be certain that funding will be available or that we would be able to raise funds at affordable cost, if needed or to the extent required and we may be unable to implement our strategy, including our exploration and development plans.

58. *Changes in the GoI’s policies in the future could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which may impact our future prospects.*

Since 1991, successive Indian governments have pursued policies of economic liberalization, including



significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization may change, and specific laws and policies affecting banking and finance companies, foreign investment and other matters affecting investment in our securities may change as well. Any major change in government policies might affect the growth of the Indian economy and thereby our growth prospects. Additionally, any change in these policies may have a significant impact on the mining and power sector and business and economic conditions in India generally, which may adversely affect our business, our future financial performance and the price of our Equity Shares.

59. *Our ability to raise foreign capital is constrained by global economic conditions and conditions in foreign financial markets.*

Our ability to raise foreign capital is constrained by the conditions of these markets. The global capital and credit markets have recently been experiencing periods of extreme volatility and disruption. The global financial crisis, concerns over recession, inflation or deflation, energy costs, geopolitical issues, commodity prices and the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets. These factors, combined with others, may impact our ability to raise capital in foreign markets. An inability to raise foreign capital or access foreign credit markets would have a material adverse affect on our business and financial condition.

60. *Our ability to raise foreign capital may be constrained by Indian law. The limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operation.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our power projects under development and future investment plans and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

61. *Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations and financial conditions.*

As of March 31, 2013 we had foreign currency (“FC”) borrowings of approximately Rs. 549.14 crores (Equivalent to Euro 78.963 million) denominated in Euros, while all of our revenues are denominated in Rupees. We further incur significant foreign exchange denominated expenditures in procuring equipment and spares from time to time.

Accordingly, depreciation of the Rupee against these currencies will increase the Rupee cost to us of servicing and repaying our FC borrowings and managing our FC expenditure. Since the current tariff regulations allow us to pass through foreign exchange fluctuations through our tariffs, we do not currently hedge our FC exposure. If as a result of future changes in tariff regulations we are unable to recover the costs of foreign exchange variations through our tariffs, we may be required to use hedging arrangements, which may not fully protect us from foreign exchange fluctuations.

62. *Any downgrading of India’s debt rating by an international rating agency could have a negative impact on our business.*

Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the trading price of our Equity Shares.

63. *Certain significant provisions under the Competition Act, 2002, have recently become effective and*



their impact on the business environment in India generally and our business and activities, in particular, is as yet unclear.

The Indian Parliament has enacted the Competition Act, 2002 (the “**Competition Act**”) for the purpose of preventing business practices that have an appreciable adverse effect on competition in India under the auspices of the Competition Commission of India, which (other than for certain provisions relating to the regulation of combinations) has recently become effective.

The effect of the Competition Act and the Competition Commission of India on the business environment in India is as yet unclear. Any application of the Competition Act to us may be unfavourable and may have a material adverse effect on our business, financial condition and results of operations.

64. *The use of alternative energy sources for power generation could reduce coal and lignite consumption by Indian electric power generators, which could result in lower demand for our coal and lignite*

Gas-fired generation has the potential to displace coal and lignite fired generation. The use of natural gas in the energy industry has been gaining significance in the Indian market with its share in the primary energy market. With increased spending on infrastructure in the oil and natural gas sector, oil and natural gas may become easily available to the power generation companies, increasing their use as an alternative energy source. Further, many of the new power plants needed to meet increasing demand for Indian electricity generation may be fired by natural gas because gas-fired plants are cheaper to construct and permits to construct these plants are easier to obtain as natural gas is seen as having a lower environmental impact than coal-fired generators. Additionally, wind power is also becoming increasingly popular as a renewable energy source. In addition, possible advances in technologies and incentives, such as tax credits, to enhance the economics of renewable energy sources could make these sources more competitive with lignite and coal. Any reduction in the amount of coal or lignite consumed by the power sector in India could reduce the demand and price of coal that we mine and sell, thereby, reducing our revenues and materially and adversely affecting our business and results of operations.

65. *Demand for power in India may not increase as we anticipate.*

It is generally believed that, demand for power in India will increase in connection with expected increases in India’s Gross Domestic Product (“**GDP**”). However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as we expect, our results of operations and expansion strategy may be materially and adversely affected.

Further the location of our power plants means that they are connected to the southern grid and not to the national power grid. This limits our ability to wheel and bank power to alternate locations where it is in demand. A reduction in demand for power from our thermal power stations may lead to a reduction in demand for our coal and lignite production.

66. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade. Terrorist attacks and other acts of violence or war may also result in a loss of business confidence and ultimately adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in the past, and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a larger perception that investment in Indian companies involves a higher degree of risk, and could have an adverse impact on our business and the price of our Equity Shares.



67. *Companies operating in India are subject to a variety of central and state government taxes and surcharges.*

We are subject to taxes and other levies imposed by the Central or State Governments in India, including customs duties, central sales tax, state sales tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State Governments may adversely affect our business and results of operations.

68. *Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS.*

Our financial statements are prepared in accordance with Indian GAAP, which differs in significant respects from U.S. GAAP and IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP or IFRS, which may be material to your consideration of the financial information prepared and presented in accordance with Indian GAAP contained in the Prospectus. You should rely on your own examination of our Company, the terms of the Issue and the financial information contained in the Prospectus

69. *Our transition to the use of the IFRS converged Indian Accounting Standards may adversely affect our financial condition and results of operations.*

On February 25, 2011, the Ministry of Corporate Affairs, Government of India (“MCA”), notified that the IFRS converged Indian Accounting Standards (“IND AS”) will be implemented in a phased manner and stated that the date of implementation of IND AS will be notified by the MCA at a later date. As of date, there is no significant body of established practice on which to draw from in forming judgments regarding the implementation and application of IND AS. Additionally, IND AS has fundamental differences with IFRS and as a result, financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as Indian companies begin to prepare IND AS financial statements.

Further, there is no assurance on the impact of IND AS on our significant accounting policies. The adoption of IND AS by us and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have an adverse effect on our financial condition and results of operations.

Risks related to Equity Shares

70. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder’s ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.*

Following the Issue, prices of our Equity Shares may be subject to a daily —circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on price movement of our Equity Shares reflected in these will be set by the stock exchanges, based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares, or the price at which you may be able to sell your Equity Shares at any particular time.

71. *You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.*



Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution, or unless we have obtained government approval to issue without such special resolution, subject to votes being cast in favour of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit.

The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in us would be reduced.

72. *Conditions in Indian stock exchanges may affect the price or liquidity of our Equity Shares.*

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities and other problems that have affected the market price and liquidity of the securities of Indian entities. These problems have included temporary closure of the Indian stock exchanges to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and imposed margin requirements. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

73. *An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the Allotment of the Equity Shares or at all.*

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the Allotment of Equity Shares, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares.

Pursuant to the SEBI Approval, an investor who is allotted shares in excess of 25% of the Equity Shares being offered in the Issue, will not be able to sell their Equity Shares for a period of 12 months from the date of Allotment of the Equity Shares.

We cannot assure you that these restrictions will not have an adverse effect on the price of the Equity Shares.

74. *The price of our Equity Shares may be volatile.*

The price of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- volatility in the Indian and global securities markets;
- our results of operations and performance;
- performance of our peers/competitors and perception in the Indian market about investment in the mining of coal and lignite and power sector;
- adverse media reports about us or about the mining and power sector;
- changes in the estimates of our performance or recommendations by financial analysts;
- GoI policies including tariff policy for determination of power tariff;
- significant developments in India's fiscal and environmental regulations; and



- material developments affecting the Government and economy of India.

There can be no assurance that the price at which the Equity Shares are presently traded will correspond to the prices at which our Equity Shares will trade in the market in the future.



MARKET PRICE INFORMATION

As of the date of this Prospectus, 1,67,77,09,600 Equity Shares have been issued and are fully paid up. The Equity Shares are listed on the BSE and the NSE. As the Equity Shares are actively traded on the BSE and the NSE, the stock market data has been given separately for each of these Stock Exchanges. The Equity Shares have been listed on the BSE and the NSE since 1994 and 2000, respectively.

The table set forth below indicates the high and low prices of the Equity Shares and the volume of trading activity for the specified periods. The closing prices of the Equity Shares on the BSE and the NSE on August 2, 2013 were ₹53.05 and ₹52.60 per Equity Share, respectively.

The high, low and average market prices of the Equity Shares for the periods indicated are as below:

BSE									
Year ending March 31	Date of High	High (₹) ⁽¹⁾	Volume on date of High (No. of Equity Shares)	Volume on date of High (In crores)	Date of Low	Low (₹) ⁽¹⁾	Volume on Date of Low (No. of Equity Shares)	Volume on Date of Low (In crores)	Average (₹) ⁽²⁾
2013	3-Apr-12	89.80	34,348	0.31	22-Mar-13	64.90	17,521	0.11	80.66
2012	27-Apr-11	115.25	94,228	1.08	23-Nov-11	68.60	21,980	0.15	89.60
2011	13-Oct-10	177.35	574,361	10.14	10-Feb-11	94.90	52,722	0.49	142.24

(Source: www.bseindia.com)

NSE									
Year ending March 31	Date of High	High (₹) ⁽¹⁾	Volume on date of High (No. of Equity Shares)	Volume on date of High (In crores)	Date of Low	Low (₹) ⁽¹⁾	Volume on Date of Low (No. of Equity Shares)	Volume on Date of Low (In crores)	Average (₹) ⁽²⁾
2013	3-Apr-12	90.00	108,048	0.97	22-Mar-13	64.90	44,425	0.29	80.68
2012	27-Apr-11	115.15	424,452	4.86	23-Nov-11	68.45	138,076	0.96	89.61
2011	13-Oct-10	177.10	2,267,009	40.03	24-Feb-11	94.70	514,702	4.94	142.32

(Source: www.nseindia.com)

Notes:

- (1) High, low and average prices are of the daily closing prices.
- (2) Average price represents the average of the daily closing prices of each day for each year presented.



Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Prospectus:

BSE									
Month	Date	High (₹) (1)	Volume (No. of Equity Shares)	Volume on date of High (In crores)	Date	Low (₹) (1)	Volume (No. of Equity Shares)	Volume on Date of Low (In crores)	Average (₹) (2)
July 2013	16-Jul-13	62.45	123,145	0.77	29-Jul-13	53.70	21,836	0.12	58.21
June 2013	5-Jun-13	64.65	36,857	0.24	24-Jun-13	54.55	36,139	0.20	59.05
May 2013	2-May-13	71.45	12,361	0.09	23-May-13	65.30	49,331	0.33	68.70
April 2013	30-Apr-13	72.35	24,921	0.18	11-Apr-13	66.65	7,999	0.05	68.68
March 2013	8-Mar-13	74.85	314,804	2.39	22-Mar-13	64.90	17,521	0.11	69.36
February 2013	1-Feb-13	84.15	17,224	0.15	27-Feb-13	71.55	46,505	0.34	79.15

(Source: www.bseindia.com)

NSE									
Month	Date	High (₹) (1)	Volume (No. of Equity Shares)	Volume on date of High (In crores)	Date	Low (₹) (1)	Volume (No. of Equity Shares)	Volume on Date of Low (In crores)	Average (₹) (2)
July 2013	16-Jul-13	62.20	401,642	2.50	29-Jul-13	53.85	41,886	0.23	58.20
June 2013	5-Jun-13	64.50	117,495	0.76	25-Jun-13	54.50	109,965	0.59	59.02
May 2013	2-May-13	71.40	68,818	0.50	23-May-13	64.90	121,721	0.80	68.70
April 2013	30-Apr-13	72.25	137,013	0.98	11-Apr-13	66.95	21,946	0.15	68.75
March 2013	8-Mar-13	74.80	989,157	7.48	22-Mar-13	64.90	44,425	0.29	69.35
February 2013	1-Feb-13	84.40	79,482	0.67	27-Feb-13	71.50	226,971	1.65	79.18

(Source: www.nseindia.com)

Note:

1. High, low and average prices are of the daily closing prices.
2. Average Price represents the average of the daily closing prices of each day for each month presented.



Market price on July 19, 2013, the first working day following the Board Meeting approving the Issue was:

Date	BSE				NSE			
	Open _(Rs.)	High _(Rs.)	Low _(Rs.)	Close _(Rs.)	Open _(Rs.)	High _(Rs.)	Low _(Rs.)	Close _(Rs.)
July 19,2013	59.90	60.30	59.30	59.75	60.20	60.35	59.25	59.90
Volume	11,916				39,902			

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
July 2013	737,487	2,431,420
June 2013	1,249,980	3,602,492
May 2013	449,648	1,466,718
April 2013	254,301	863,069
March 2013	670,301	2,107,702
February 2013	413,229	1,509,310

(Source: www.bseindia.com, www.nseindia.com)



USE OF PROCEEDS

The Issue Proceeds will aggregate to Rs 358,20,75,600.

As this Issue is an offer for sale by the Promoter, the Issue Proceeds will be remitted to the Selling Shareholder and the Company will not benefit from such Issue Proceeds.



CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation and total debt, on a consolidated basis, as of March 31, 2013. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our financial information contained in "*Financial Statements*".

(in Rupees crores)

Particulars	As of March 31, 2013	As adjusted for the Issue*
Short Term Borrowing	522.53	N.A.
Long Term Borrowings	5,891.61	N.A.
Total Borrowings	6,414.14	N.A.
Share Capital	1,677.71	N.A.
Reserves and Surplus	11,272.48	N.A.
Total Shareholders' Funds	12,950.19	N.A.
Total Capitalisation	19,364.33	N.A.

* Since no fresh issues of Equity Shares is proposed there is no adjustment required in the capitalization statement. .

There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering the Prospectus with the RoC until the Issue is approved by the Stock Exchanges or the Application Amounts are refunded, on account of, inter alia, refusal of the approval of the Issue by the Stock Exchanges.



DIVIDENDS

Our Company complies with the guidelines issued by the Department of Public Sector Enterprises periodically on payment of dividends by public sector enterprises including the current guidelines dated October 18, 2004.

Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, capital requirements, overall financial position and other factors prevailing at the time. The dividend paid or proposed to be paid by the Company in the last three Financial Years is as provided below:

Particulars	Financial Year 2013**	Financial Year 2012	Financial Year 2011
Face value per Equity Share (Rs)	10	10	10
Dividend (Rs)*	469.76 crores	469.76 crores	385.87 crores
Dividend per Equity Share (Rs)	2.80	2.80	2.30
Dividend rate (% to paid up equity share capital)	28%	28%	23%

* *excluding Dividend Distribution Tax*

** *Proposed Dividend inclusive of Interim Dividend already paid.*

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned to not rely on past dividends as an indication of the future performance of the Company or for an investment in the Equity Shares offered in the Issue.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our reformatted audited consolidated financial statements as of and for the years ended March 31, 2011, 2012 and 2013, and the related notes. Our reformatted consolidated statements, as of and for the financial years ended March 31, 2013, 2012 and 2011, have been prepared in accordance with, inter alia, Indian GAAP and are based on our audited consolidated financial statements as of and for the financial years ended March 31, 2013, 2012 and 2011. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 month period ended March 31 of that year. This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “*Forward-looking Statements*” and “*Risk Factors*” included elsewhere in this Prospectus.

BUSINESS OVERVIEW

We are a Schedule A central public sector enterprise, under the administrative control of the Ministry of Coal conferred with “Navratna” status by the GoI in April 2011 giving us more operational and administrative autonomy. While we have been engaged since 1957 in the mining of Lignite and since 1962 in the operation of Lignite fired thermal power plants in Neyveli, Tamil Nadu, we are engaged in the process of expanding our operations to include the mining of coal and operation of coal based thermal power plants in various locations across India and are exploring renewable energy sources.

Since our inception in 1956 we have won several awards and recognitions for environmental excellence and corporate social responsibility. We have been designated as the nodal agency for the ILRIS database on Lignite deposits by the Ministry of Coal. We have been conferred with AAA ratings for our bank facilities by ICRA Limited (“**ICRA**”), Brickwork Ratings India Private Limited (“**BRICK**”), Credit Analysis & Research Limited (“**CARE**”) and CRISIL Limited (“**CRISIL**”). For details, please see “*Our Business – Credit Ratings*”.

We operate:

- Three opencast Lignite mines of total capacity of 28.5 MTPA which extend over 84.2 sq. km. located at Neyveli, Tamil Nadu. The total estimated mineable reserve at these mines is 1,355.50 MT of which 563.23 has been mined out and one open cast Lignite mine of capacity 2.1 MTPA at Barsingsar, Rajasthan which extends over 3.89 sq. km. The total estimated mineable reserve at this mine is 53.0 MT of which 2.84 has been mined out.
- Three Thermal Power Stations with a total installed capacity of 2,490 MW at Neyveli and one Thermal Power Station at Barsingsar, Rajasthan with an installed capacity of 250 MW.

In addition to the above, we are engaged in:

- Constructing an expansion to our TPS-II power plant in Neyveli, Tamil Nadu with a proposed installed capacity of 500 MW.
- Constructing a 1000 MW Coal fired thermal power project at Thoothukudi, Tamil Nadu through our subsidiary NLC Tamil Nadu Power Limited (“**NTPL**”), a joint venture company formed between our Company and TANGEDCO.
- Constructing the New Neyveli Thermal Power Station project with a proposed installed capacity of 1000 MW at Neyveli, Tamil Nadu. This plant is intended to replace our 600 MW TPS I plant which has been in operation for more than 50 years.
- Restructuring our Lignite Mine I and Mine 1 Expansion located at Neyveli, Tamil Nadu to modify their capacity from 10.5 to 8.0 MTPA and expanding our Lignite Mine-IA from 3.0 to 7.0 MTPA to match the needs of our NNTPS project (1000MW).
- Constructing a wind power project with a proposed capacity of 50 MW at Kaluneerkulam, Tamil Nadu and a solar energy project with a proposed capacity of 10 MW to be set up at Neyveli, Tamil Nadu. We



have also received in principle approval to establish a 10 MW solar power project at Barsingsar, Rajasthan.

The following additional projects are currently being planned:

- A 20.0 MTPA coal mine at Talabira, Odisha through MNH Shakti Limited, a joint venture promoted amongst Mahanadi Coalfields Limited, Hindalco and our Company.
- A 1,980 MW coal fired thermal power project at Ghatampur, Uttar Pradesh through our JVC NUPPL formed with UPRVUNL. NUPPL has been allocated Pachwara-South coal block in Jharkhand. The development and exploitation of the coal mine will be for the captive use of this thermal power project.
- A thermal power plant of 250 MW capacity with linked mine of 2.25 MTPA at Bithnok, Rajasthan
- A 250 MW power plant as an extension of the existing Barsingsar power plant with the linked Lignite mine of 2.5 MTPA capacity in Halda and Palana, Rajasthan.
- A 4,000 MW coal based thermal power plant at Sirkali in the coastal district of Nagapattinam in Tamilnadu in two phases. This project has been allocated the Jilga-Barpali coal block in Chattisgarh. The development and exploitation of the coal block will be carried out for captive use of this thermal power project.
- A lignite mine at the Devangudi, Tamil Nadu for a proposed capacity of 2.0 MTPA.

Our Company has achieved a “very good” rating under its MoU with GoI in Financial Years 2008, 2009, 2010 and 2011. In Financial Year 2012 we improved this rating to “excellent”.

Our Company’s in house research and development center, the Center for Applied Research and Development (“CARD”) has been recognized by the DST since 1975.

The higher lignite production, generation and export of power resulted in increase in the sales during the year 2012-13. During the year ended March 31, 2013, Our Company registered total sales of Rs.5590.07 crores as against Rs.4,866.85 crores recorded for the year 2011-12, registering a growth of 14.86%. The PBT and the PAT for the year 2012-13 were Rs. 2,045.66 crores and Rs. 1,457.76 crores, respectively, as against Rs.1983.89 crores and Rs. 1411.33 crores, respectively, registered for the year 2011-12. As compared to the previous year 2011-12, the PBT and the PAT for the financial year 2012-13 recorded a growth of 3.11% and 3.29% respectively.

We are currently listed on both the Stock Exchanges with a paid-up share capital of Rs. 1,677.71 crores.

As on June 30, 2013 we employ over 17,175 employees on our rolls across various locations in India

OUR CRITICAL ACCOUNTING POLICIES

Basis of Presentation / Consolidation

Our consolidated financial statements are prepared in accordance with Accounting Standard (“AS”) – 21 “Consolidated Financial Statements” and Accounting Standard – 27 “Financial Reporting of Interests in Joint Ventures”.

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

The financial statements of the jointly controlled entity are proportionately consolidated. The share of interest in each item of balance sheet and profit and loss account is separately shown.

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.

Fixed Assets:

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

Depreciation:

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

Description of Assets Covered	Basis
(i) Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.
(ii) Residential Buildings - II & III Class	At rates prescribed by Department of Public Enterprises.
(iii) Buildings: Non-residential Buildings Roads Plant & Machinery: CME other than dozers and pipe layers, Workshop machinery, pumps GWC & SWC pipes and Civil construction machinery. Furniture and Equipment used in welfare centres other than Typewriter and Duplicators.	At technically assessed rates
(iv) Specialised Mining Equipment: Commissioned on or after 31-08-2007	At the rate approved under section 205(2)(d) of the Companies Act, 1956
(v) Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

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

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

Over burden removal costs are classified under mine development account till achievement of quantity para-meters as approved for each Project. Such amounts are amortized as depreciation on the basis of annual lignite production to the total estimated mineable reserves, reckoning from the year in which



regular lignite production is commenced after achievement of mine development.

6. Machinery Spares:

Initial spares purchased along with fixed assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the fixed assets costing Rs.50 lakhs 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 utilized, the carrying cost is fully charged as depreciation in the year of utilization.

Intangible Assets:

(a) **Computer Software**

Application software acquired for an amount more than Rs.10 lakhs are capitalized as intangible assets and amortized over a period of 5 years.

(b) Computer application software acquired for an amount of less than Rs.10 lakhs are fully depreciated in the year in which it has been acquired.

(c) **Research & Development (internally generated Projects):**

- Expenditure incurred during the phase of research is charged to revenue.
- Expenditure incurred during the phase of development is capitalized with respect to each project and amortized over its useful life.

Mine Closure Expenditure

Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by the Ministry of Coal.

Prepaid expenses

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

Investments

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

Preliminary Project Expenditure

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

Accounting for Grants

- 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.
- 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.



- Revenue grants to the extent utilized are accounted in Profit and Loss Account.

Reserves and Surplus

Interest Differential Reserve

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

Employee Benefits

- Employee benefits are accounted as follows as per Accounting Standard 15 (Revised) 2005
- Short term employee benefits such as wages, salaries, incentives, short term Earned Leave (“EL”) and HPL are fully provided for.
- Long term employee benefits such as EL and HPL are provided for as per department of public enterprises guideline and actuarial valuation and funded in SBI Life Insurance Corporation.
- Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- Post retirement medical benefit scheme is treated as defined contribution scheme and accounted accordingly.
- Contribution to provident fund trust and superannuation fund trust are recognized in profit & loss account on the basis of actual liability.

Allocation of Common Charges / Social Overhead Expenses:

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

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.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.

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.

Revenue Recognition

- Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of the Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC’s norms and parameters for capacity charges, are adopted.
- Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realization as the case may be.
- Cash discounts for prompt payments are accounted as and when the related dues are settled.

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 capitalize the exchange difference.

Accounting for Taxes on Income

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

Borrowing Cost

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

Construction Projects

(1) Capitalisation and Depreciation Provision

- **Specialised Mining Equipments**

Successful completion of eight effective working hours on load test excluding minor stoppage is the criteria followed in respect of the assets covering specialised mining equipment system namely bucket wheel excavator, conveyor, tripper, transfer feeder and spreader for capitalization and commencement of depreciation charge and revenue recognition. The entire test shall be completed within twelve hours from the time of starting of the test including minor stoppages.

- **Power Generation Unit**

Test and trial production for Thermal Power Generation unit commences from the date of synchronisation and goes up to the date of commercial commissioning. Provisional take over date of the unit 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 capitalized 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.

Results of Operations The following table sets forth select financial data from our consolidated profit and loss statement for the financial years 2011, 2012 and 2013, the components of which are also expressed as a percentage of total revenue for such periods:

Rs. In crores

Particulars	For the Year ended 31st March 2013	%of Total revenue	For the Year ended 31st March 2012	%of Total revenue	For the Year ended 31st March 2011	%of Total revenue
I. Revenue from operations	5590.07	90.56	4866.85	86.67	4295.95	88.26
II. Other income	582.95	9.44	748.36	13.33	571.69	11.74
III. Total Revenue (I +II)	6173.02	100.00	5615.21	100.00	4867.64	100.00
IV. Expenses:						



Inc. (-) / Dec. in stock	-72.18	-1.17	-2.88	-0.05	-6.64	-0.14
Employee benefits expense	1952.42	31.63	1698.2	30.24	1400.79	28.78
Finance Cost	193.39	3.13	149.54	2.66	112.77	2.32
Dep. and amort.	512.31	8.30	430.18	7.66	412.87	8.48
Other Expenses	1688.99	27.36	1475.03	26.27	1319.81	27.11
Prior Period Adjustments(Net)	35.55	0.58	-2.56	-0.05	3.49	0.07
	4310.48	69.83	3747.51	66.74	3243.09	66.63
Less: Expenses Capitalised	21.78	0.35	38.04	0.68	42.93	0.88
Total expenses	4288.70	69.47	3709.47	66.06	3200.16	65.74
V. Profit before exceptional and extraordinary items and tax (III - IV)	1884.32		1905.74		1667.48	
VI. Exceptional items	161.34		78.15		17.02	
VII. Profit before Extraordinary Items and tax (V+VI)	2045.66		1983.89		1684.50	
VIII Extraordinary Item	0		0		0.00	
IX. Profit before tax (VII+ VIII)	2045.66		1983.89		1684.50	
X. i) Tax Expense:	587.9		572.56		386.22	
XI. Profit for the period from continuing operation (IX-X)	1457.76		1411.33		1298.28	
XII. Profit for the period	1457.76		1411.33		1298.28	
XIII. Earning Per Share						
1) Basic and Diluted Rs.	8.69		8.41		7.74	

Financial Year 2013 Compared to Financial Year 2012

Total Revenue increased by 9.93% to Rs 6,173.02 crores for the financial year 2013 from Rs 5,615.21 crores for the Financial Year 2011-2012, primarily due to an increase in net revenue from operations.

Revenue from operations increased by 14.86% to Rs 5,590.07 crores for the Financial Year 2012-2013 from Rs 4,866.85 crores for the Financial Year 2011- 2012, primarily due to increases in income from sale of power by 13.25% to Rs5,069.49 crores for the Financial Year 2012 - 2013 from Rs 4,476.23 crore for the Financial Year 2011-2012 and income from sale of lignite by 11.16% to Rs 514.54 crores for the Financial Year 2012- 2013 from Rs 462.88 crores for the Financial Year 2011-2012.

Total gross power generated increased by 5.92% to 19,902.34 million units for the Financial Year 2012 - 2013 from 18,789.44 million units for the Financial Year 2011- 2012. Total lignite production increased by 6.64% to 262.23 lakh tones for the Financial Year 2012- 2013 from 245.90 lakh tones for the Financial Year 2011-2012.

Other Income decreased to Rs. 582.95 crores for the Financial Year 2012- 2013 from Rs. 748.36 crores for the Financial Year 2011-2012, primarily due to decrease in interest income on bank deposit and sale of scrap.

Total Expenses increased by 15.61% to Rs. 4,288.70 crores for the Financial Year 2012 -2013 from Rs 3,709.47 crores for the Financial Year 2011- 12, primarily as a result of increases in employee benefits expense, finance costs, change in stock, depreciation and other expenses.

Employee Benefits Expense increased by 14.97% to Rs 1,952.42 crores for the Financial Year 2012 - 2013 from Rs 1698.20 Crore for the Financial Year 2011-2012, primarily as a result of a pending pay revision settlement provision of Rs 139.70 crores which was made towards arrears of salaries and other benefits revision in respect of Non - executives.

Other Expenses increased by 14.51% to Rs 1,688.99 crores for the Financial Year 2012-2013 from Rs 1,475.03 crores for the Financial Year 2011- 2012, primarily as a result of a increase in consumption of stores and spares, overburden removal expenditure, royalty expense and repairs and maintenance, Taxes and Duties, Training Expenses and other expenses



Depreciation and Amortization Expense increased by 19.09% to Rs 512.31 crores for the Financial Year 2012-2013 from Rs 430.18 crores for the Financial Year 2011-2012, mainly due to higher depreciation on fixed assets.

Profit from ordinary activities before exceptional items and tax expense decreased by 1.12 % to Rs 1884.32 crores for the Financial Year 2012-2013 from Rs 1905.74 crores for the Financial Year 2011-2012.

Net Profit increased by 3.29% to Rs 1457.76 crores for the Financial Year 2012-2013 from Rs 1411.33 crores for the Financial Year 2011-2012.

Financial Year 2011-2012 Compared to Financial Year 2011

Total Revenue increased by 15.36 % to Rs 5615.21 crores for the financial year 2012 from Rs 4867.64 crores for the financial year 2011, primarily due to an increase in net revenue from continuing operations.

Revenue from continuing operations increased by 13.29 % to Rs 4866.85 crores for the financial year 2012 from Rs 4295.95 crore for the financial year 2011, primarily due to increases in income from sale of power by 12.01% to Rs 4476.23 crores for the financial year 2012 from Rs 3996.44 crores for the financial year 2011 and income from sale of lignite by 34.01% to Rs 462.88 crores for the financial year 2012 from Rs 345.40 crores for the financial year 2011.

Total gross power generated increased by 5.08% to 18,789.44 million units for the financial year 2012 from 17,881.08 million units for the financial year 2011. Total lignite production increased by 6.25 % to 245.90 lakh tones for the financial year 2012 from 231.44 lakh tones for the financial year 2011.

Other Income increased to Rs 748.36 crores for the financial year 2012 from Rs 571.69 crores for the financial year 2011, primarily due to an increase in interest income on bank deposit and other interest.

Total Expenses increased by 15.92% to Rs 3709.47 crores for the financial year 2012 from Rs 3200.16 crores for the financial year 2011, primarily as a result of increases in employee benefits expense, finance costs and other expenses.

- Employee Benefits Expense increased by 21.23% to Rs 1698.20 crores for the financial year 2012 from Rs 1400.79 crores for the financial year 2011, primarily as a result of an increase in salaries, wages and incentives.
- Other Expenses increased by 11.76 % to Rs 1475.03 crores for the financial year 2012 from Rs 1319.81 crores for the financial year 2011, primarily as a result of a increase in consumption of stores and spares, rates and taxes, royalty expense and repairs and maintenance.
- Depreciation and Amortization Expense increased by 4.19 % to Rs 430.18 crores for the financial year 2012 from Rs 412.87 crores for the financial year 2011, mainly due to higher depreciation on fixed assets.

Profit from ordinary activities before exceptional items and tax expense increased by 14.29% to Rs 1905.74 crores for the financial year 2012 from Rs 1667.48 crores for the financial year 2011.

Total taxes increased to Rs 572.56 crores for the financial year 2012 from Rs 386.22 crores for the financial year 2011.

Net Profit increased by 8.71 % to Rs 1411.33 crores for the financial year 2012 from Rs 1298.28 crores for the financial year 2011.



Cash Flows

Rs. in crores

Cash Flow Statement				
		For the year ended 31st March 2013	For the year ended 31st March 2012	For the year ended 31st March 2011
1	Cash flows from operating activities	1262.32	-27.00	182.87
2	Cash flows from investing activities	-1163.83	-766.73	-756.53
3	Cash flows from financing activities	-569.44	-283.19	171.04
4	Net increase / (decrease) in cash and cash equivalents	-470.95	-1076.92	-402.61
5	Cash and cash equivalents at beginning of period	3347.08	4424.00	4826.61
6	Cash and cash equivalents at end of period	2876.13	3347.08	4424.00

Operating Activities

Net cash generated from operating activities was Rs 1,262.32 crores for the financial year 2013, and consisted of net profit before tax of Rs 2,045.66 crores, as adjusted primarily for interest expense, gain from disposal of assets, depreciation, interest income and other non-cash charges; working capital changes, such as an increase in sundry debtors of Rs 153.25 crores, an increase in loans and advances of Rs 130.41 Crores and an increase in inventories and other current assets of Rs 173.82 crores, which were partially offset by an increase in trade payables of Rs 36.62 crores; and net direct taxes paid of Rs 539.79 crores.

Net cash consumed in operating activities was Rs 27 crores for the financial year 2012, and consisted of net profit before tax of Rs 1,983.89 crores, as adjusted primarily for interest expense, gain from disposal of assets, depreciation, interest income and other non-cash charges; working capital changes, such as an increase in sundry debtors of Rs 1,443.86 crores, an increase in inventories and other current assets of Rs 14.93 crores, a decrease in trade payables of Rs 119.86 crores and which were partially offset by a decrease in loans and advances of Rs 15.07 crores; and net direct taxes paid of Rs 478.10 crores.

Net cash generated from operating activities was Rs 182.87 crores for the financial year 2011, and consisted of net profit before tax of Rs 1,684.50 crores, as adjusted primarily for interest expense, gain from disposal of assets, depreciation, interest income and other non-cash charges; working capital changes, such as an increase in sundry debtors of Rs 590.79 crores, an increase in loans and advances of Rs 63.79 crores and a decrease in trade payables of Rs 500.60 crores, which were partially offset by a decrease in inventories and other current assets of Rs 12.40 crores; and net direct taxes paid of Rs 289.49 crores.

Investing Activities

Net cash used in investing was Rs 1,163.83 crores for the financial year 2013, primarily due to the purchase of construction of fixed assets of Rs 1,792.19 crores on account of NTPL project consolidation, which were partially offset by net cash generated from investing activities primarily due to net proceeds from sale of investments of Rs 103.20 crores and interest received Rs 495.71 crores and sale of fixed assets Rs 29.45 crores.

Net cash used in investing was Rs 766.73 crores for the financial year 2012, primarily due to the purchase or construction of fixed assets of Rs 1512.02 crores on account of NTPL project consolidation, which were partially offset by net cash generated from investing activities primarily due to net proceeds from sale of investments of Rs 103.20 crores and interest received Rs 632.70 crores and sale of fixed assets Rs. 9.39 crores.

Net cash used in investing was Rs 756.53 crores for the financial year 2011, primarily due to the purchase or construction of fixed assets of Rs 1352.87 crores on account of Barsingsar and NTPL project consolidation, which were partially offset by net cash generated from investing activities primarily due to net proceeds from sale of investments of Rs 103.19 crores and interest received Rs 482.01 crores and sale of fixed assets Rs. 11.14 crores.



Financing Activities

Net cash used in financing activities was Rs 569.44 crores for the financial year 2013, primarily due to interest paid of Rs 546.83 crores and dividend paid (including dividend tax) of Rs 740.62 crores, which were partially offset by net proceeds from long-term borrowings of Rs 655.96 crores and share capital purchased Rs 62.05 crores

Net cash used in financing activities was Rs 283.19 crores for the financial year 2012, primarily due to interest paid of Rs 493.93 crores and dividend paid (including dividend tax) of Rs 448.40 crores, which were partially offset by net proceeds from long-term borrowings of Rs 644.14 crores and share capital purchased Rs.15.00 crores.

Net cash generated from financing activities was Rs 171.04 crores for the financial year 2011, primarily due to net proceeds from long-term borrowings of Rs 764.76 crores, which were partially offset by net cash used in financing activities primarily due to interest paid of Rs 419.67 crores and dividend paid (including dividend tax) of Rs 196.05 crores share capital purchased Rs 22.00 crores

Contingent Liability

As of March 31, 2013, as per our financial statements, our consolidated contingent liabilities not provided for were as follows:

Contingent Liabilities	As of March 31, 2013 (Rs. in crores)
Capital commitments not provided for	2,370.80
Claims against the Company / disputed demands not acknowledged as debt	2,190.72
Bank guarantees	26.45
Corporate guarantees	Nil
Total	4,587.97

Quantitative and Qualitative Disclosures about Risk

Credit Risk

We are exposed to credit risk on trade receivables from customers and other counterparties. We try to control our credit risk by assessing the credit quality of our customers, taking into account their financial position, past experience and other factors.

Seasonality of Business

During the monsoon season, our operational power plants are affected by the increased moisture content of Lignite and decrease in its calorific value. The rains also have an adverse impact on the development of our power plants under construction causing prolonged delays and disruptions in work. This may affect our results of operations during the monsoon season.

Liquidity and capital resources

We broadly define liquidity as our ability to generate sufficient funds from internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments



INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Red Herring Prospectus and this Prospectus is reliable, it has not been independently verified. Similarly, our internal estimates, while believed by us to be reliable, have not been verified by any independent agencies.

INDIAN ECONOMY

India, the world's largest democracy in terms of population (1.221 billion, estimated as of July 2013), had an estimated GDP on a purchasing power parity basis of approximately US\$4.76 trillion in 2012. This makes it the fourth largest economy by GDP in the world after the European Union, the United States of America and China.

(Source: CIA World Factbook accessed on July 22, 2013)

The Indian economy is based on planning through successive five-year plans that set out targets for economic development in various sectors, including the power sector. The Twelfth Plan 5-year plan (FY2013 – FY2017) was created by the Central Government created to highlight how they plan to achieve growth. According to the paper entitled Approach Paper for the Twelfth Five Year Plan 2012-17 released by the Planning Commission in October 2011, inadequate infrastructure was a major constraint on rapid growth during the Eleventh Plan. Infrastructure spending is planned to be double of what was achieved under the Eleventh Plan – around Rs 55,74,663 crores. The Twelfth Plan's draft has identified the Power Industry as the most important part of infrastructure. The Twelfth Plan proposes spending 27% of total planned infrastructure investment, around Rs 1,666 crores, on the power sector, excluding renewable energy, with around Rs 787,839 crores spent by the government (around Rs 440,796 crores by the Central Government, and around 347,063 crores by state governments) and around Rs 7,143,827 crores from the private sector.

(Source: Draft Twelfth Five Year Plan 2012-17, Planning Commission, Government of India)

INDIAN POWER SECTOR

REGULATORY FRAMEWORK

The Indian Power Sector's growth can be defined through a few acts. Firstly, the Indian Electricity Act (1910) provided the basic framework for electric supply industry in India. Then, the Electricity (Supply) Act (1948), or the Supply Act, mandated the creation of the State Electricity Boards (SEBs) and the Central Electricity Authority (CEA). Thirdly, the Electricity Regulatory Commission (ERC) Act (1998), which created Central Electricity Regulatory Commission, or the CERC and the State Electricity Regulatory Commission (SERC) each with the power to determine tariffs at Central Government and state government levels, respectively. Finally, the Electricity Act (2003) repealed the legislation provided by the three aforementioned acts, while leaving the regulatory bodies intact. It mandates that the Central Government prepare an electricity policy, rather the Policy, in consultation with state governments and the CEA. This Policy aims to accelerate the development of the power sector, and provide electricity to all areas in India, while simultaneously protecting the interests of consumers and other stakeholders.

Certain features of this policy include:

- Making electricity available to all households nationally by 2012
- Fully meeting national power demand by 2012
- Increasing the per capita availability of electricity to over 1000 units by 2012
- Achieving the commercial viability of companies in the electricity sector



The act was amended in 2007, being brought into full force in June 2007, with the following features:

- The Government will endeavor to provide electricity access to all areas, including rural, through rural electricity infrastructure and the electrification of households
- No license is required for the sale of captive units
- The theft of electricity is made explicitly cognizable and non bailable with the definition of theft being expanded to include unauthorized use and the use of tampered meters

The Government also announced the National Tariff Policy, or the NTP, in January 2006. This has assisted power reforms by outlining guidelines for multi-year tariffs, rates of return for generation and transmission projects, tariff modalities for utilities, and subsidies to consumers. The objectives of the NTP are to: ensure the availability of electricity to consumers at competitive rates, ensure the financial viability of the sector to attract investments, ensure the predictability, transparency and predictability of legislation in all jurisdiction, minimize perceptions of regulatory risks, promote competition and efficiency in operations and improve the quality of supply. State Electricity Regulatory Commission (SERC) each with the power to determine tariffs at Central Government and state government levels

REGULATION AND REGULATORY BODIES

Regulation at the central level is implemented by three distinct regulatory bodies:

- **CEA:** The CEA has three main responsibilities: it is the main technical advisor to both the government and the other regulatory bodies; it is also responsible for creating the national electricity plan, in accordance with the national electricity policy, once every five years, and further has the responsibility of providing techno-economic clearances for hydro-electric projects.
- **CERC:** The CERC is a more independent organization with some law-making powers. It is responsible for regulating the tariffs of generating firms, granting licenses for interstate transmission and electricity trading, and advising the central government on the creation of the national electricity policy, as well as tariff policy.
- **SERC:** The SERC is responsible for issuing licenses for interstate transmission, distribution, and trading, the promotion of co-generation and the generation of electricity from renewable sources of energy, and also determining the tariffs that the CERC is responsible for regulating. These include tariffs on the generation, supply, transmission, and wheeling of electricity, as well as the whole sale, retail and bulk sale of electricity. However our Company is not regulated by SERC.

Further to these three regulatory bodies, there is also regulation imposed at a state level in a lot of the states, including Haryana, Andhra Pradesh, Karnataka, Orissa and Rajasthan.

(Source: Ministry of Power website, accessed on July 22, 2013)

POLICY AND PROMOTION

Foreign direct investment (“**FDI**”) up to 100% is permitted under the automatic route for:

- Generation and transmission of electric energy produced in hydro electric, coal/lignite-based thermal, and oil- and gas-based thermal power plants
- Non-conventional energy generation and distribution
- Distribution of electric energy to households, industrial, commercial and other users
- Power trading



INDUSTRY STRUCTURE AND DEVELOPMENT

POWER

India has the world's fifth-largest generation capacity and demand is expected to surge in the coming years owing to growth in the economy. The rising living standards in urban and rural India consequent to higher economic growth have led to a rise in power consumption. Electricity demand in India is growing at a significant rate and there is a need to add enough electric capacity to bridge the demand supply gap. The GoI through its various policy decisions in the last few decades has put this agenda on the priority list and has come out with more policy initiatives such as National Electricity Policy, Ultra Mega Power Project Policy, Tariff Policy etc., with an objective to bring in more capacity addition.

Almost 68% of the country's installed capacity is based on coal followed by hydro at 18% and the balance from renewable energy sources and others. Growing environmental concerns have created interests in renewable energy sources and in order to harness green power to have sustainable growth, the GoI has come out with more incentive schemes to encourage power production from new and renewable sources of energy. The GoI has also created the National Clean Energy Fund ("NCEF") with a main aim to fund research and innovative projects in clean energy technologies and such projects/ scheme relating to innovative methods to adapt clean energy/ technology and R&D are eligible for funding under NCEF. The Jawaharlal Nehru National Solar Mission (the "Mission") launched by the GoI has set the ambitious target of deploying 20,000 MW of grid connected solar power by 2022. This objective of the Mission is to reduce the cost of solar power generation in the country through (i) long term policy (ii) large scale deployment goals (iii) aggressive R&D and (iv) domestic production of critical raw materials, components and products, so as to make India a global leader in solar energy.

DEMAND AND PRODUCTION

Energy is essential for the economic growth and development of a country and is recognised as a 'strategic commodity'. Any uncertainty in availability of energy threatens the economy of any country. XII five year plan envisages that the total energy requirement will accelerate from 5.1% per year in the XI five year plan to 5.7% per year in the XII five year plan and 5.4% per year in the XIII five year plan. The share of coal and lignite in commercial energy production is projected to be 67.52% in the terminal year (2016 - 17) of XII five year plan and 66.82% in the terminal year (2021 - 22) of XIII five year plan. The supply from renewable energy sources is expected to increase rapidly from 24,503 MW by the end of the XI five year Plan to 54,503 MW by the end of the XII five year Plan and 99,617 MW by the end of XIII five year plan.

Demand for electricity in India is far higher than supply. In FY 2012, supply of electricity was outstripped by demand by around 10.6% at peak demand requirements, and around 8.5% of total energy requirements. (*Source: CEA, Load Generation Balance Report, 2012-13*)

The total all India installed capacity as on May 31,2013 is 225.13 GW and out of that thermal power generation accounts for 151.188 GW, Nuclear 4.780 GW, Hydro 39.623 GW and the renewable energy sources 27.541 GW. Renewable energy sources include small hydro projects, biomass power, wind energy and solar power.

COAL AND LIGNITE

Coal and lignite is continuing with its dominant role in the commercial energy spectrum of India. Consequent to the limited availability of other conventional sources of energy, coal and lignite have become the best source of energy and particularly the lignite as a fuel for generation of power in the southern part of the country.

In India the lignite reserves are available in the states of Tamil Nadu, Rajasthan, Gujarat, Jammu & Kashmir, Paschim Banga, Kerala and Union Territory of Puducherry. Our Company is involved in assessing and evaluating the reported occurrence of lignite besides locating new deposits. In addition GSI, MECL and state government departments are also carrying out lignite explorations.



LIGNITE RESERVES IN INDIA

Lignite Inventory as on April 01, 2013

(Reserve in million tonnes)

State	Category –wise Lignite resource			Grand Total
	Proved	Indicated	Inferred	
Tamilnadu	3735.23	22900.05	7712.43	34347.71
Rajasthan	1167.02	2671.93	1850.57	5689.52
Gujarat	1278.65	283.70	1159.70	2722.05
Jammu & Kashmir	0.00	20.25	7.30	27.55
Paschim Banga	0.00	1.13	1.64	2.77
Kerala	0.00	0.00	9.65	9.65
Union Territory of Puducherry	0.00	405.61	11.00	416.61
Total	6180.90	26282.67	10752.29	43215.86

Source: Geological Survey of India

In the year 2012-2013 lignite production in the country had reached a level of 46.60 MT. As per the national lignite inventory prepared by GSI, the total lignite mined out till March 31, 2013 is 763.33 MT.

DEMAND AND PRODUCTION

Central Electricity Authority (“CEA”) has indicated a coal based capacity addition of 79010 MW during the XII five year plan period and a coal based generation programme of 1155 BU in 2016-17. CEA has also indicated that 38905 MW coal based capacity addition is in various stages of implementation. As per the capacity addition programme envisaged by CEA, 70% of the projected energy requirement is based on coal and thus the coal requirement for the power sector works out to 682 million tonnes in 2016-17.

Major consumer of lignite is the power generating companies. The working group on coal and lignite, has projected the installed capacity of the lignite based power stations at 7491 MW at the end of XII five year plan and 11091 MW at the end of XIII five year plan as against the installed capacity of 5211 MW at the end of XI five year plan. With the above projected installed capacity and anticipated increased demand for lignite from other sectors such as cement, chemical, textiles, paper etc., the total lignite demand has been projected at 300.30 MT for XII five year plan. The demand projected at the terminal year of XII five year plan and XIII five year plan are 71.96 MT and 108.62 MT respectively.

While projecting the production for the XII five year plan period, the working group on coal and lignite has estimated the coal production to grow from 551.90 MT in 2011-12 to 715.00 MT in 2016-17 and to 950 MT in XIII five year plan, with a CAGR of 5.08% and 5.85% respectively ‘in case of business as usual scenario’.

As far as lignite is concerned, it has been estimated that the total lignite production at 290.16 MT for the entire XII five year plan period and the availability at the terminal years of XII five year plan and XIII five year plan are projected at 68.60 MT and 104.55 MT respectively.

The government has also taken up some ambitious programmes such as the Ultra Mega Power Projects (“UMPP”), Rajiv Gandhi Grameen Vidhyutikaran Yojana (“RGGVY”) and Accelerated Rural Electrification Programme to rapidly increase installed capacity. A working group was formed in 2011 by the Planning Commission on power to review capacity addition during the 11th Plan and formulate a strategy for the next plan period. It will also recommend an optimal mix of additional generation capacity during the 12th plan period on the basis of different fuels. It will also explore avenues for purchase of power from neighboring countries through joint venture schemes.

Some of the other measures initiated by the government to provide a boost to the power sector include the following:



- For the year 2011–12, tax-free bonds for Rs. 30,000 crores (USD 5.71 billion) were announced for financing infrastructure projects, of which Rs. 10,000 crores (USD 1.90 billion) were allocated for the power sector.
- In order to provide low-cost funds to some infrastructure sectors including power, the rate of withholding tax on interest payments on external commercial borrowings (“**ECBs**”) is proposed to be reduced from 20% to 5% for three years. ECBs to part finance rupee debts of existing power projects has also been proposed to set up a powerloom mega cluster in Ichalkaranji in Maharashtra with a budget allocation of Rs. 70 crores (USD 13.32 million).
- For the power sector, besides access to low-cost funds, the Ministry of Finance has also proposed extension of the sunset date by one year for power sector undertakings so that they can be set up on or before March 31, 2013, for claiming 100% deduction of profits for 10 years.

As per the financial budget for 2011–12, tax-free bonds for Rs. 30,000 crores (USD 5.71 billion) were announced for financing infrastructure projects, of which Rs 10,000 crores (USD 1.90 billion) were allocated for the power sector.

MAJOR PLAYERS

Major public sector companies involved in the generation of electricity include NTPC, Damodar Valley Corporation (“**DVC**”), National Hydroelectric Power Corporation (“**NHPC**”), Nuclear Power Corporation of India (“**NPCI**”), Andhra Pradesh Power Generation Corporation (“**APGENCO**”), TANGEDCO and other state generators. The Power Grid Corporation of India is responsible for the inter-state transmission of electricity and the development of the national grid.

Some of the other prominent players in the Indian power sector include Tata Power, Reliance Energy Limited, CESC Limited and Power Finance Corporation.

SECTOR OUTLOOK

According to industry experts, the total demand for electricity will be above 950,000 MW by 2030. India has taken all the steps needed to provide energy from renewable sources such as wind and solar power.

Opportunities are coming up in power generation, transmission, distribution and equipment and servicing with capacity additions for power generation, captive power plants being set up, government promoting private sector participation in transmission and distribution, transmission projects being awarded on tariff-based bidding, privatization of distribution franchisees, scope for rural electrification, more focus on improving efficiency and introducing advanced technology and greater need for operational and maintenance services.

Source: <http://www.investindia.gov.in/?q=power-sector>



OUR BUSINESS

We are a Schedule A central public sector enterprise, under the administrative control of the Ministry of Coal conferred with “Navratna” status by the GoI in April 2011 giving us more operational and administrative autonomy. While we have been engaged since 1957 in the mining of Lignite and since 1962 in the operation of Lignite fired thermal power plants in Neyveli, Tamil Nadu, we are engaged in the process of expanding our operations to include the mining of coal and operation of coal based thermal power plants in various locations across India and are exploring renewable energy sources.

Since our inception in 1956 we have won several awards and recognitions for environmental excellence and corporate social responsibility. We have been designated as the nodal agency for the ILRIS database on Lignite deposits by the Ministry of Coal. We have been conferred with AAA ratings for our bank facilities by ICRA Limited (“**ICRA**”), Brickwork Ratings India Private Limited (“**BRICK**”), Credit Analysis & Research Limited (“**CARE**”) and CRISIL Limited (“**CRISIL**”). For details, please see “*Our Business – Credit Ratings*”.

We operate:

- Three opencast Lignite mines of total capacity of 28.5 MTPA which extend over 84.2 sq. km. located at Neyveli, Tamil Nadu. The total estimated mineable reserve at these mines is 1,355.50 MT of which 563.23 has been mined out and one open cast Lignite mine of capacity 2.1 MTPA at Barsingsar, Rajasthan which extends over 3.89 sq. km. The total estimated mineable reserve at this mine is 53.0 MT of which 2.84 has been mined out.
- Three Thermal Power Stations with a total installed capacity of 2,490 MW at Neyveli and one Thermal Power Station at Barsingsar, Rajasthan with an installed capacity of 250 MW.

In addition to the above, we are engaged in:

- Constructing an expansion to our TPS-II power plant in Neyveli, Tamil Nadu with a proposed installed capacity of 500 MW.
- Constructing a 1000 MW Coal fired thermal power project at Thoothukudi, Tamil Nadu through our subsidiary NLC Tamil Nadu Power Limited (“**NTPL**”), a joint venture company formed between our Company and TANGEDCO.
- Constructing the New Neyveli Thermal Power Station project with a proposed installed capacity of 1000 MW at Neyveli, Tamil Nadu. This plant is intended to replace our 600 MW TPS I plant which has been in operation for more than 50 years.
- Restructuring our Lignite Mine I and Mine 1 Expansion located at Neyveli, Tamil Nadu to modify their capacity from 10.5 to 8.0 MTPA and expanding our Lignite Mine-IA from 3.0 to 7.0 MTPA to match the needs of our NNTPS project (1000MW).
- Constructing a wind power project with a proposed capacity of 50 MW at Kaluneerkulam, Tamil Nadu and a solar energy project with a proposed capacity of 10 MW to be set up at Neyveli, Tamil Nadu. We have also received in principle approval to establish a 10 MW solar power project at Barsingsar, Rajasthan.

The following additional projects are currently being planned:

- A 20.0 MTPA coal mine at Talabira, Odisha through MNH Shakti Limited, a joint venture promoted amongst Mahanadi Coalfields Limited, Hindalco and our Company.
- A 1,980 MW coal fired thermal power project at Ghatampur, Uttar Pradesh through our JVC NUPPL formed with UPRVUNL. NUPPL has been allocated Pachwara-South coal block in Jharkhand. The development and exploitation of the coal mine will be for the captive use of this thermal power project.
- A thermal power plant of 250 MW capacity with linked mine of 2.25 MTPA at Bithnok, Rajasthan
- A 250 MW power plant as an extension of the existing Barsingsar power plant with the linked mine of



2.5 MTPA capacity, in Halda and Palana, Rajasthan.

- A 4,000 MW coal based thermal power plant at Sirkali in the coastal district of Nagapattinam in Tamilnadu in two phases. This project has been allocated the Jilga-Barpali coal block in Chattisgarh. The development and exploitation of the coal block will be carried out for captive use of this thermal power project.
- A lignite mine at the Devangudi, Tamil Nadu for a proposed capacity of 2.0 MTPA.

Our Company has achieved a “very good” rating under its MoU with GoI in Financial Years 2008, 2009, 2010 and 2011. In Financial Year 2012 we improved this rating to “excellent”.

Our Company’s in house research and development center, the Center for Applied Research and Development (“CARD”) has been recognized by the DST since 1975.

The higher lignite production, generation and export of power resulted in increase in the sales during the year 2012-13. During the year ended March 31, 2013, Our Company registered total sales of Rs.5590.07 crores as against Rs.4866.85 crores recorded for the year 2011-12, registering a growth of 14.86%. The PBT and the PAT for the year 2012-13 were Rs. 2045.66 crores and Rs. 1457.76 crores, respectively, as against Rs.1983.89 crores and Rs. 1411.33 crores, respectively, registered for the year 2011-12. As compared to the previous year 2011-12, the PBT and the PAT for the financial year 2012-13 recorded a growth of 3.11% and 3.29% respectively.

We are currently listed on both the Stock Exchanges with a paid-up share capital of Rs. 1,677.71 crores.

As on June 30, 2013 we employ over 17,175 employees on our rolls across various locations in India.

OUR STRENGTHS

Our use of Lignite in our Power Plants

Our use of lignite as the primary fuel for all of our operating power plants ensures the availability of a captive fuel source with our power plants located at the pit heads of our Lignite mines. This reduces our dependency on fuel linkages and transportation. It also provides us with greater flexibility in terms of adjusting our lignite production to adjust for variations in power demands and power production at our thermal power plants. Further, our Lignite mining operations at Neyveli, Tamil Nadu also require the evacuation of large volumes of water which we can then use in our power plants.

Long experience and expertise in operation, maintenance, trouble shooting and project management in open-cast mining, power generation.

We have been engaged in Lignite mining since 1957 and power generation since 1962. This has led to our developing significant expertise in mining Lignite and its use in power plants for the generation of electricity. We have consequently developed expertise in open cast lignite mining in India and refined the techniques and equipment that we use in such production by using SME. Having developed highly mechanized and efficient mining operations, we have subsequently used this expertise in our further projects and also developed other skill sets including plant life extension and management skills which we use in project expansion and diversification to new areas including coal based power plants and coal mining.

Nodal agency for lignite database in India

We have been appointed as the nodal agency for the ILRIS database on Lignite deposits by the Ministry of Coal. At certain times, private and state government entities wishing to exploit Lignite deposits have been required to obtain a No Objection Certificate from us. As a result, we believe we enjoy a competitive advantage in identifying and exploiting new lignite deposits in India.

“Excellent” rated central government public sector enterprise conferred with “Navratna” status

We are a Schedule A central public sector enterprise, under the administrative control of the Ministry of Coal conferred with “Navratna” status by the GoI in April 2011. Our Company has achieved a “very good” rating under its MoU with GoI in Financial Year 2008, 2009, 2010 and 2011. In Financial Year 2011- 2012 we



improved this rating to “excellent”. The above advantages give us excellent relationships with the Government of India and gives us more operational and administrative autonomy over our operations. We have paid dividends in excess of the norms prescribed by the Government of India.

We have been conferred with AAA ratings for our bank facilities by ICRA Limited (“**ICRA**”), Brickwork Ratings India Private Limited (“**BRICK**”), Credit Analysis & Research Limited (“**CARE**”) and CRISIL Limited (“**CRISIL**”). For details see *Our Business – Credit Ratings*. This gives us access to capital at preferential rates of interests. This along with our available cash reserves enables us to finance and develop large and capital intensive projects.

OUR STRATEGY

Exploration of new areas of operations

We aim to grow on our traditional strengths of open cast mining of Lignite and Lignite fired power plants and to move into developing and operating coal mines, coal fired thermal power plants including ultra mega power projects as well as alternative technologies like underground coal gasification. We are also exploring opportunities in relation to renewable sources of energy like Solar and Wind Power.

Expansion of operations

We commenced operations in Neyveli, Tamil Nadu in 1956 and expanded our operations to Barsingsar Rajasthan in 2004. We are in the process of developing or exploring the development of power plants and coal and lignite mines in several locations across India. Further, we have invited an expression of interest for exploring opportunities for the mining of coal outside India.

Leveraging Research and Technology

We are committed to using technological innovations to improve the efficiency of our operations. To this end, our Company’s in-house research and development center, the Center for Applied Research and Development (“**CARD**”) has been recognized by the DST since 1975. It is currently exploring the usage of new technology to improve the performance of our Lignite fired thermal power stations.

We use CFBC technology in our newer projects with the intent of reducing their environmental impact. We are also exploring the usage of supercritical boiler technology to improve the efficiencies of our plants. We believe that the usage of technology will enable us to gain and maintain a technological lead over our competitors.

Pursue our fuel security

We believe that fuel security is critical to the operation of our power plants, including, in particular, our proposed coal fired thermal power plants.

We therefore intend to satisfy our fuel requirements by developing captive coal mines both on our own and jointly with our joint venture partners We are currently proposing to develop coal blocks in Talabira, Odisha, Pachwara-South, Jharkhand and Jilga-Barpali, Chattisgarh

We are also examining the possibility of acquiring rights in coal mines abroad and are restructuring our existing lignite blocks and developing further lignite blocks to fuel our lignite based power projects.

MAJOR EXPANSION PLANS OF THE COMPANY

Our Company has major expansion plans in the thermal power sector which includes the commissioning of TPS-II expansion 500 MW (2 X 250 MW) project. The commercial operations date of Unit-I of the TPS II expansion is expected by December 2013 and Unit-II is expected to be commissioned in January 2014.

We are also implementing the Thoothukudi power project (1000 MW) at Thoothukudi through NLC Tamil Nadu Power Limited (“**NTPL**”) - a Joint Venture Company (“**JVC**”) formed between NLC and TANGEDCO with equity participation in the ratio of 89:11. The commercial operations date of Unit-I of this expansion is expected by December 2013 and Unit-II is expected to be commissioned in March 2014.

Another project which has been proposed to be setup is the New Neyveli Thermal Power Station project with a



capacity of 1000 MW at Neyveli with two units of 500 MW each. This plant will be a replacement of the existing 600 MW TPS-I which has served for more than 50 years. The power generated from this station will be shared among the Southern States of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala and Union Territory of Puduchery as per the directives of the Ministry of Power. This project is scheduled to be commissioned in 2017-18.

Other than interests in the thermal power sector we are also venturing into the renewable energy sector with proposals for wind power project and solar power project.

FINANCIAL OVERVIEW

The higher lignite production, generation and export of power resulted in increase in the sales during the year 2012-13. During the year ended March 31, 2013, Our Company registered total sales of Rs. 5590.07 crores as against Rs.4866.85 crores recorded for the year 2011-12, registering a growth of 14.86%. The PBT and the PAT for the year 2012-13 were Rs. 2045.66 crores and Rs. 1457.76 crores, respectively, as against Rs.1983.89 crores and Rs. 1411.33 crores, respectively, registered for the year 2011-12. As compared to the previous year 2011-12, the PBT and the PAT for the financial year 2012-13 recorded a growth of 3.11% and 3.29% respectively.

SNAPSHOT OF PHYSICAL PERFORMANCE

Particulars	2012-13	2011-12	Growth (%)
Overburden removal (in LM ³)	1674.85	1651.47	1.42
Lignite Production (in LT)	262.23	245.90	6.64
Power Generation - Gross (in MU)	19902.34	18789.44	5.92
Power Export (in MU)	16841.51	15810.67	6.52

OPERATING UNITS OF THE COMPANY:

As of date our operations contain:

	Unit	Capacity
Lignite	Mine I incld. Expn.	10.5 MTPA
	Mine I A	3.0 MTPA
	Mine II incld. Expn.	15.0 MTPA
	Barsingsar Mine	2.1 MTPA
	Total	30.6 MTPA
Power	TPS I	600 MW
	TPS II	1470 MW
	TPS I Expansion	420 MW
	Barsingsar Thermal	250 MW
	Total	2740 MW

SUBSIDIARIES OF THE COMPANY

1. **NLC TAMILNADU POWER LIMITED** –1,000 MW coal based thermal power project in Thoothukudi (Under implementation)

Details	Year		
	2010-11	2011-12	2012-13
Total paid-up Capital (in RS. crores)	500.00	500.00	1200.00
Percentage (%) of shareholding held by NLC	89.00	89.00	89.00

2. **NEYVELI UTTAR PRADESH POWER LIMITED** – 1,980MW coal based thermal power plant (under sanction stage)

Details	Year
	2012-13



Total paid-up Capital in Rupees	10,00,000
Percentage (%) of shareholding held by NLC	51.00

OPERATIONAL MINING UNITS

MINE - I

The lignite seam was first exposed in August 1961 and regular mining of lignite commenced in May 1962. German excavation technology in open cast mining, using bucket wheel excavators, conveyors and spreaders. The capacity of this mine was 6.5 MT which met the fuel requirement of TPS-I. The capacity was increased to 10.5MT of lignite per annum from March 2003 under Mine-I expansion scheme and at present meets the fuel requirement for generating power from TPS-I and TPS-I expansion.

	FY 11	FY 12	FY 13
Lignite Production (LT)	83.05	77.34	79.60
Overburden removal (LM³)	523.08	528.17	502.15

MINE II

In February, 1978 GoI sanctioned the second lignite mine of capacity 4.7 MTPA and in February 1983, GoI sanctioned the expansion of second mine capacity from 4.7 MT to 10.5 MT. Unlike Mine-I, Mine-II had to face problems in the excavation of sticky clayey soil during initial stage. The method of mining and equipment used are similar to that of Mine-I. The seam is the same as of Mine-I and is contiguous to it. The lignite seam in Mine-II was first exposed in September 1984 and the excavation of lignite commenced in March, 1985. GoI sanctioned the expansion of Mine-II from 10.5 MTPA to 15.0 MTPA of lignite in October 2004 with a cost of Rs. 2295.93 crores. Mine-II Expansion project was completed on March 12, 2010. The lignite excavated from Mine-II meets the fuel requirements of TPS-II and TPS-II expansion under implementation.

	FY 11	FY 12	FY 13
Lignite Production(LT)	117.11	130.96	139.44
Overburden removal(LM³)	802.55	828.05	813.36

MINE-IA:

GoI sanctioned the project Mine-IA of 3 MTPA of lignite at a sanctioned cost of Rs. 1032.81 crores in February 1998. This project is mainly to meet the lignite requirement of M/s ST-CMS for their power plant and also to utilize the balance lignite to the best of our commercial advantage. The project was completed on March 30, 2003.

As we are aware that the TPS-I is in operation since 1962 and the GoI has sanctioned for implementation of NNTPS (1000 MW) project as a replacement to TPS-I. Presently, Mine-I (including expansion) with an installed capacity of 10.5 MTPA feeds TPS-I (600 MW) and TPS-I Expansion. (420 MW).

Taking into account the higher capacity of NNTPS Project, the proposal for re-structuring of Mine-I & Mine-IA by adding contiguous lignite blocks so as to raise the aggregate mining capacity to 15.0 MTPA, has been approved by the Board of Directors of our Company. The estimated cost for the above re-structuring of mines is Rs.1458.17 crores.

	FY 11	FY 12	FY 13
Lignite Production(LT)	27.19	28.77	29.40
Overburden removal (LM³)	211.91	215.10	281.81

BARSINGSAR MINE:

GoI sanctioned implementation of Barsingsar mine with a capacity of 2.1 MTPA of lignite at an estimated cost of Rs. 254.60 crores in December 2004. Both overburden and lignite production has been outsourced. Lignite excavation commenced on 23rd November 2009 and production attained the rated capacity on January 31,2010.

	FY 11	FY 12	FY 13
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	FY 11	FY 12	FY 13
Lignite Production (LT)	4.09	8.83	13.79
Overburden removal (LM³)	95.91	80.15	77.45

OPERATIONAL THERMAL POWER PROJECTS

THERMAL POWER STATION I:

The 600 MW Neyveli TPS I in which the first unit was synchronized in May 1962 and the last unit in September 1970 consists of six units of 50 MW each and three units of 100 MW each. The Power generated from TPS-I after meeting our requirements is fed into TANGEDCO which is the sole beneficiary. Due to the aging of the equipments / high pressure parts, life extension programme was approved by GoI in March 1992 with an estimated cost of Rs.315.23 crores and was successfully completed in March 1999 thus extending the life by 15 years.

However as per the request of TANGEDCO, this power station is being operated after conducting residual life assessment (“RLA”) study. GoI has sanctioned a 2x500 MW power project NNTPS in June 2011 as replacement for existing TPS-I.

	FY 11	FY 12	FY 13
Units Produced (MU)	3878.65	3987.85	4035.43
Tariff Ps/Kwhr	283.45	299.61	317.70
Plant Load Factor (%)	73.80	75.67	76.77

THERMAL POWER STATION - II

The 1470 MW TPS – II consists of 7 units of 210 MW each. In 1978, GoI sanctioned the TPS - II of 630 MW capacity (3 X 210 MW) and in 1983, GoI sanctioned the TPS - II Expansion from 630 MW to 1470 MW with addition of 4 units of 210 MW each. The first 210 MW unit was synchronised in March 1986 and the last unit (Unit-VII) was synchronized in June 1993. The power generated from TPS - II after meeting the needs of second mine is shared by the southern states viz., Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Union Territory of Puducherry.

	FY 11	FY 12	FY 13
Units Produced(MU)	10739.78	11087.65	11238.09
Tariff (Ps/kwhr)	Stage I 236.88	Stage I 248.05	Stage I 253.60
	Stage II 239.56	Stage II 250.38	Stage II 253.53
Plant Load Factor (%)	Stage I 83.29	Stage I 85.53	Stage I 86.54
	Stage II 83.48	Stage II 86.12	Stage II 87.82

THERMAL POWER STATION-I EXPANSION

Thermal Power Station-I has been expanded based on the additional lignite available from Mine-I expansion. The scheme was sanctioned by GoI in February 1996 with a sanctioned cost of Rs. 1590.58 crores. The Unit-I was synchronised in October 2002 and Unit-II in July 2003. The power generated from this thermal power station after meeting the internal requirements is shared by the southern states viz., Tamil Nadu, Kerala, Karnataka and Union Territory of Puducherry.

	FY 11	FY 12	FY 13
Units Produced (MU)	2997.04	3042.68	3319.77
Tariff Ps/ Kwhr	310.53	314.83	312.30
Plant Load Factor (%)	81.46	82.47	90.23

BARSINGSAR THERMAL POWER STATION



	FY 11	FY 12	FY 13
Units Produced (MU)	265.61	617.68	1280.85
Tariff Ps/Kwhr	2.23	394.10	403.07
Plant Load Factor (%)	12.12	28.09	58.47

GoI sanctioned the Barsingsar thermal power station 250 MW (2 X 125 MW) in December 2004 with a cost of Rs. 1626.09 crores. The revised cost sanctioned for the project was Rs.1868.71 crore. First unit was synchronised on October 27, 2009 and second unit was synchronized on June 5, 2010. Unit-I was declared fit for commercial operation in January 2012 and Unit-II in December 2011. The power generated here will be supplied in the state of Rajasthan.

PROJECTS UNDER CONSTRUCTION/IMPLEMENTATION STAGE

THERMAL POWER STATION – II EXPANSION AT NEYVELI

GoI sanctioned the TPS-II expansion 500 MW (2 X 250 MW) in October 2004 with an original sanctioned cost of Rs. 2030.78 crores. The revised cost sanctioned for the project was Rs.3027.59 crores. Mine II expansion shall meet the fuel requirements for this project.

TPS II Expansion has fully automatic lignite handling system. The fully automated main plant is controlled by micro processor based Distributed Digital Control Monitoring and Information System with advanced technology. The Boiler is designed, supplied and erected by BHEL, who are having a technical tie up with M/s. LENTJES, Germany. We use only treated storm water from mines for all water requirement of this plant and no bore well water is used.

COAL BASED POWER PLANT AT THOOTHUKUDI, (1,000 MW)

This Joint Venture project is located in the harbour estate area of M/s V.O. Chidambaranar Port Trust (“**VOCP**”) and adjacent to the Thoothukudi Thermal Power Station of TANGEDCO. Land has already been allotted by VOCP on long term lease basis. Service water and potable water requirements for the plant will be met from the desalination plant being set up at the project site. The main plant package namely Steam Generators & Turbo Generators has been awarded to M/s BHEL and Power Purchase Agreements (“**PPA**”) has been signed with TANGEDCO, ESCOMs of Karnataka State, Puducherry Electricity Department, Kerala State Electricity Board, DISCOMs of Andhra Pradesh. Power evacuation from this project is being carried out by M/s Power Grid Corporation of India. M/s Mahanadi Coalfields Limited, a subsidiary of M/s Coal India Limited, issued letter of assurance for the supply of “F” grade coal for the long term coal linkage for the project. Coal is to be transported from Orissa by rail and sea route through Paradip Port. A dedicated coal jetty namely North Cargo Berth-1 (“**NCB-1**”) constructed at VOCP port will facilitate unloading of coal from ship. From NCB-1, the coal will be transferred through belt conveyors to the plant.

NEYVELI NEW THERMAL POWER STATION (“NNTPS**”)**

GoI sanctioned the NNTPS project (1000 MW) at a capital cost of Rs.5907.11 crores in June 2011 with a commissioning schedule of 48 months and 54 months for Unit-I & II respectively, from the date of sanction. Two units of 500 MW have been proposed to be set up as a replacement of the existing 600 MW TPS-I which has served for more than 50 years. This power station will adopt pulverized fuel firing technology. The power generated in this station will be shared among the Southern States of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala and Union Territory of Puduchery as per the directives of the Ministry of Power. The proposed 2X500 MW power plant when established will become the first lignite-fired 500MW power plant in the country.

RESTRUCTURING OF MINES

Our existing TPS-I of 600 MW capacity at Neyveli is continuously in operation since 1962 and our Board of Directors have decided to phase out the operation of the units and to set up a 1000 MW thermal power plant at Neyveli viz., NNTPS in its place. Therefore, in order to meet the lignite requirement of NNTPS, our Board of Directors have accorded approval for restructuring of Mine-I from 10.5 to 8.0 MTPA and expansion of Mine-IA from 3.0 to 7.0 MTPA, at an aggregate estimated cost of Rs.1458.17 crores thus increasing aggregate capacity by 1.5MTPA.

WIND & SOLAR POWER PROJECT



In order to harness green energy, our Company has proposed to enter into wind and solar based power generation. The proposed wind power project has a capacity of 50 MW with an estimated cost of Rs.364.75 crores. A 10 MW capacity solar power plant is also proposed to be set up at Neyveli at an estimated cost of Rs.85 crores with an expansion another 15 MW which will be set up later. A 10 MW solar power plant at Barsingsar is also under consideration.

MNH SHAKTI

MNH Shakti Limited, is a Joint Venture Company (“JVC”) promoted by Mahanadi Coalfields Limited (“MCL”), holding 70% stake, Hindalco and our Company each holding 15% stake. The JVC is implementing a 20.0 MTPA coal mining project at Talabira, Odisha and MCL being the majority stakeholder is piloting the above project.

NLC-UPRVUNL GHATAMPUR THERMAL POWER PROJECT

Our Company and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (“UPRVUNL”) entered into a memorandum of understanding (“MOU”) dated November 30, 2010 and a Joint Venture Agreement dated October 06, 2012 to form a JVC named Neyveli Uttar Pradesh Power Limited (“NUPPL”). The JVC has been incorporated with an equity participation in the ratio of 51:49 between NLC and UPRVUNL respectively. The JVC will set up a 1980 MW (3x660 MW) coal based thermal power project in Ghatampur Tehsil, Kanpur Nagar district in the State of Uttar Pradesh at an estimated cost of Rs.14,375 crores. The public investment board (“PIB”) recommended the project with the condition that necessary clearance from Ministry of Environment & Forest (“MoEF”) shall be obtained at the earliest. The public consultation meeting was held by the district administration as part of the process involved for obtaining MoEF clearance. The project proposal will be submitted by the Ministry of Coal to the Cabinet Committee on Economic Affairs for sanction shortly. Notifications under Section 4 and 6 of the Land Acquisition Act, 1894 have been issued for acquisition of 1806 acres of land for the project. The Government of Uttar Pradesh has accorded sanction for supply of 80 cusecs of water for this project.

In response to the GoI invitation for allotment of coal blocks, NUPPL has been allocated Pachwara-South coal block in the State of Jharkhand. The development and exploitation of the coal mine will be carried out by NUPPL for captive use of its thermal power project at Ghatampur.

BITHNOK THERMAL POWER PROJECT WITH LINKED MINE

We propose to setup a thermal power plant of 250 MW capacity with linked mine of 2.25 MTPA at Bithnok in Bikaner district, in the state of Rajasthan at an estimated cost of Rs.2,298.83 crores. The total land required for the Bithnok thermal power station and mine is 2883 hectares. The government of Rajasthan has issued an award for acquisition of 1175.870 hectares of private land in Bithnok village and the balance government land will be diverted to our Company by the government of Rajasthan after the acquisition of the private land. A no objection certificate from forest department is awaited for forest diversion after which a mining lease is expected to be executed with the government of Rajasthan. MOEF will be approached again for environmental clearance with social cost benefit analysis report.

BARSINGSAR EXTENSION POWER PROJECT AND HADLA & PALANA LIGNITE MINE

Our Company has proposed to set up a 250 MW power plant as an extension of the existing Barsingsar power plant with the linked mine of 2.5 MTPA capacity, in Bikaner district of Rajasthan, by exploiting the lignite deposits in Hadla and Palana lignite blocks. The aggregate estimated cost of the project is Rs.2,041.78 crores. Land acquisition for the project is being done through government of Rajasthan and process for obtaining mining lease has also been initiated. All statutory clearances for the thermal power plant and the Hadla mine have been obtained. However, we are facing some difficulties in the development of Palana mine therefore, as a recourse, expansion of the existing Barsingsar mine is also being planned by us.

SIRKALI THERMAL POWER PROJECT

We have also proposed to setup a 4000 MW coal based thermal power plant at Sirkali in the coastal district of Nagapattinam in Tamilnadu in two phases. The present cost estimate for the project is Rs.14482 crores for phase-I of 1980 MW. Site for the power plant has been identified at Thirumullaivasal and the process for obtaining clearances from various statutory authorities and acquisition of land through the government of Tamil



Nadu has been initiated. The Board of Directors has accorded approval for initiating pre-project sanction activities under advance action proposal for a value of Rs. 56.52 crores. A process has also been initiated for appointment of a consultant for preparation of a feasibility report, EIA/EMP report and other pre-project activities. We have been allocated Jilga-Barpali coal blocks in the State of Chhattisgarh to meet the fuel requirement for this project.

DEVANGUDI MINE PROJECT

Our Company has also proposed to develop the Devangudi lignite block in Tamil Nadu, which has a mining area of about 8.56 sq. km and a mineable lignite reserve of 42.91 million tonnes, at an estimated cost of Rs.542.67 crores. The capacity of this mine will be 2.0 MTPA and the lignite extracted will cater to the needs of industries such as cement, paper, brick and other small scale industries in the neighborhood area.

ACQUISITION OF COAL ASSETS ABROAD

We had floated an 'Expression of Interest' ("EoI") for the acquisition of coal assets abroad. Acquisition of coal assets by our Company would ensure fuel security for our coal based power projects

RESEARCH AND DEVELOPMENT ("R&D")

Our Company's R&D wing **CARD** has been recognized by Department of Science and Technology since 1975 as an In-house R&D centre. During the year 2012-13, CARD in addition to its eight in-house S&T projects has also been carrying out two coal S&T projects that mainly concentrate on corrosion problems in Specialized Mining Equipment in mines and development of suitable treatment to prevent erosion /corrosion in de-watering pipes in mines.

Our Company has already patented the process for the production of "Potassium Humate" from lignite through our R&D efforts. Commercialization of this patented process has been carried out through M/s. National Research Development Corporation.

Further the R&D Centre of our Company in collaboration with Indian Institute of Technology, Kharagpur has applied for a patent for the process of production of Zeolite from lignite fly ash. A study on solid waste utilization of bottom ash generated from thermal power stations as substitute for river sand is also in progress.

CARD is entering into new developmental activities to cater to our requirements. In order to upgrade lignite to get higher calorific value and also to utilize the same in Ultra Super Critical Boiler ("USCB"), we have signed a non-disclosure agreement with M/s KOBELCO, Japan. Our Company is also interested to take up studies on integrated gasification combined cycle ("IGCC"), to improve the efficiency of power generation. We are also contemplating to undertake a study in association with firms having expertise in the field, to produce diesel from lignite.

EMPLOYEE AND EMPLOYEE DEVELOPMENT

We have been imparting training / learning initiatives for skill, competency building and overall development of employees and the surrounding society. In addition to the regular programmes, we also conducted "Timeless Leadership Programme" in association with IIM Kozhikode. The table below provides the number of employees in various categories as on June 30, 2013:

Type of Employees	Number
Executives	4383
Non-executives	7981
Labour	4811
Total	17175

ENVIRONMENTAL MEASURES

RECLAMATION AND AFFORESTATION

We have a comprehensive environment management plan since our inception and we have revisited our own environment policy to safeguard the environment in line with national and international standards. The



environmental management plan includes restoring the degraded mined out land, water conservation, waste utilisation and biodiversity conservation. The degraded mined out land is reclaimed to grow agricultural, horticulture crops, forestry, pasture etc., on a continuous basis. During the year 2012-13, an area of about 126 hectares of land was reclaimed in all the three mines in Neyveli. As a part of massive afforestation programme, around 18 million trees have been planted so far in and around the Neyveli township. In addition, comprehensive efforts are taken to reduce carbon foot print by implementing latest power generation technology like circulating fluidized bed combustion, installing best pollution control equipments and improving energy efficiency in processes. A continuous ambient air quality monitoring station is in operation in CARD with real time data display at various places in Neyveli.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Our Company, as a socially responsible corporate citizen, has been carrying out development works in the surrounding villages, since our inception.

- An Annual CSR budget of more than 1% of the profit after tax has been created by our Company and the CSR projects are monitored periodically by a Sub-committee of Board of Directors. Our board of directors has sanctioned Rs.14.11 crores as budget for CSR projects for the year 2013-14. We have a CSR Policy according to which funds in our CSR budget are expended.
- Base line survey is conducted by our Company before commencement of any CSR Projects.
- Time frames and various milestones are fixed before commencement of any project.
- Initiatives of state governments/central government departments / agencies are synergized with the CSR activities of our Company.

The CSR expenditure of our Company for the year 2012-13 was Rs.14.26 crores.

RATINGS

We been conferred with AAA ratings for our bank facilities by ICRA Limited (“**ICRA**”), Brickwork Ratings India Private Limited (“**BRICK**”), Credit Analysis & Research Limited (“**CARE**”) and CRISIL Limited (“**CRISIL**”). The details are as follows:

Rating Agency	Facility	Rating Assigned
ICRA	(i) Rs. 600 crores non-convertible bond programme (ii) Rs.2500 crore Sanctioned Line of Credit	ICRA AAA Stable
BRICK	Rs. 2500 crores sanctioned facility	BWR AAA Stable
CARE	Rs. 3437 crores facility	CARE AAA Structured Obligation
CRISIL	Rs. 600 crores bond programme Rs. 250 crores Working Capital Facility	CRISIL AAA Stable CRISIL AAA Stable

The ratings for the instruments mentioned above are considered to have the highest degree of safety regarding timely servicing of financial obligations and carry the lowest credit risk. As the ratings are valid as of this date, it gives us access to capital at preferential rates of interests and also enables us to finance and develop large and capital intensive projects along with our available cash reserves.

AWARDS & RECOGNITION

Awards received by our Company during the year 2012-13 are given below:

- Gold Trophy of “SCOPE Meritorious Award for Environmental Excellence and Sustainable Development” for the year 2011-12.



- 'Indira Gandhi Paryavaran Puraskar Award 2009, (Organisational Category) instituted by Union Ministry of Environment and Forests appreciating the outstanding contribution in the area of environment conservation and creating environment awareness.
- 'India Power Award 2012' instituted by Council of Power Utilities for developing the energy sector.
- 'IPE CSR Corporate Governance Award' instituted by Institute of Public Enterprises for the dedicated service to the society.



BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

The Company's Articles of Association provide that the minimum number of Directors shall be 3 (three) and the maximum number of Directors shall be 16. As of the date of this Prospectus, the Company has 15 directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors with the approval of its shareholders.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At the Company's annual general meeting, one-thirds of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring director is eligible for re-election. The Chairman cum Managing Director of the Company is not liable to retire by rotation. The quorum for meetings of the Board of Directors is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

The Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about the Company's Directors as of the date of this Prospectus:

No.	Name, DIN, Term and Nationality	Age (Years)	Designation
1.	Mr. B.Surender Mohan DIN:02133243 Term: Assumed charge on July 1, 2012. Date of superannuation: with effect from the date of assumption of charge on or after July 1, 2012 and upto September 30, 2015 i.e., the date of his superannuation or until further order whichever is earlier. Nationality: Indian	57	Chairman-Cum-Managing Director (Executive Director)
2.	Dr. A.K. Dubey DIN: 02766755 Term: Assumed charge on April 3, 2013. Nominee of the Ministry of Coal. Term as decided by MoC. Nationality: Indian	54	Non- Executive Director
3.	Mr. N.S. Palaniappan DIN: 02867271 Term: Assumed charge on January 16, 2013. Nominee of Government of Tamil Nadu. Term as decided by Government of Tamil Nadu. Nationality: Indian	56	Non- Executive Director
4.	Mr. Rakesh Kumar DIN: 02865335 Term: Assumed charge on May 23, 2012. Date of superannuation: for a period of five years with effect from the date of assumption of charge or till the date of his superannuation or until further order whichever is earlier. Nationality: Indian	50	Director Finance (Executive Director)
5.	Mr S. Rajagopal DIN: 06503785 Term: Assumed charge on March 1, 2013. Date of	57	Director Power (Executive Director)



No.	Name, DIN, Term and Nationality	Age (Years)	Designation
	superannuation: with effect from the date of assumption of charge of the post on or after March 1, 2013 till the date of his superannuation or until further orders whichever is earlier. Nationality: Indian		
6.	Mr. R. Kandasamy DIN: 02792227 Term: Assumed charge on September 17, 2009. Date of superannuation: with effect from the date of superannuation of charge of the post and upto September 30, 2013 i.e., the date of his superannuation or until further order whichever is earlier. Nationality: Indian	59	Director PLNG.& Projects (Executive Director)
7.	Mr. Sarat Kumar Acharya DIN: 03357603 Term: Assumed charge on December 16, 2010. Date of superannuation: For a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further order whichever is earlier. Nationality: Indian	54	Director Human Resource (Executive Director)
8.	Mr. M.S. Ravindranath DIN: 06568248 Term: Inducted on April 23, 2013. Date of superannuation for a period upto August 31, 2014 i.e, the date of his superannuation with effect from the date of assumption of charge or until further orders whichever is earlier. Nationality: Indian	58	Director Mines (Executive Director)
9.	Mr. S.K. Roongta DIN: 00309302 Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	63	Independent Director
10.	Mr. L.N. Vijayaraghavan DIN: 00752117 Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	65	Independent Director
11.	Mr. A.P.V.N. Sarma DIN: 03272585 Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	64	Independent Director
12.	Mr. M.B.N.Rao DIN: 00287260	65	Independent Director



No.	Name, DIN, Term and Nationality	Age (Years)	Designation
	Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian		
13.	Mr. M.M. Sharma DIN: 03178451 Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	64	Independent Director
14.	Mr. V. Murali DIN: 00730218 Term: Inducted on September 30, 2010, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	53	Independent Director
15.	Mr. R.K. Mishra DIN: 01878204 Term: Inducted on March 24, 2011, retirement after period of three years with effect from date of appointment or until further orders whichever is earlier. Nationality: Indian	64	Independent Director

Brief Profile of the Directors

Mr B. Surender Mohan, aged 57 years, is a Mining Engineer and a holds First Class Managers Certificate of Competency in Mining. Mr. Mohan has vast experience in the mining industry and has held various positions in other PSUs before joining the Company in the year 1998. He assumed charge as Director (Mines) with effect from May 1, 2008 and as the Chairman-Cum-Managing Director of the Company with effect from July 1, 2012.

Dr. A.K. Dubey, aged 54 years, is a member of Indian Administrative Service and holds a Bachelors degree in Law, a post graduate degree in Public Administration as well as Economics and Rural Development and Doctorate in Social Sciences. Dr. A.K. Dubey has held various positions in Government of Kerala and Government of India and is presently serving as the Additional Secretary to Government of India, Ministry of Coal. He joined the Company as Director with effect from April 3, 2013.

Mr. N. S. Palaniappan, aged 56 years, holds a Bachelor degree and post graduate degree in Economics. He is a member of Indian Administrative Service, and has held various important positions in Government of Tamil Nadu. He is presently serving as the Principal Secretary to Government of Tamil Nadu, Industries Department. He joined the Company as Director with effect from January 16, 2013.

Mr R. Kandasamy, aged 59 years, is a Graduate in Electrical & Electronics Engineering, AMIE (Mining), and holds a First Class Mines Manager Certificate in Coal and Metal and also a holder of Post Graduate Diploma in Business Administration. He is Fellow Member of the Indian Institute of Engineers (India). Mr. Kandasamy joined the Company in the year 1977 and has a vast experience of 35 years in Mines, Mine Planning and Geology. Mr. Kandasamy assumed charge as Director (Planning & Projects) in the Company with effect from September 17, 2009.

Mr Sarat Kumar Acharya, aged 54 years, holds an Honours Degree in Economics and a Post Graduate degree in Personnel Management. An expert in strategic HR with equal proficiency in operations, Mr. Acharya carries with him over three decades of rich experience. Prior to joining the Company, he held the position of Head (Corporate HR) in NTPC-SAIL Power Company Limited, a Joint Venture of NTPC and SAIL. Mr. Acharya



joined the Company as Director (Human Resource) with effect from December 16, 2010.

Mr Rakesh Kumar, aged 50 years, is a Post Graduate in Business Administration (Finance). Mr. Kumar has vast experience in handling various matters in finance & accounts area such as project costing, budgeting, cash forecast, tax planning and also in arranging finance for new and expansion projects and further has rich experience especially in development of cost monitoring systems and implementing computerized accounting systems. Prior to joining the Company, he held the position of Director (Finance) in Brahmputra Cracker and Polymer Limited, a Subsidiary Company of GAIL Limited. He joined Company as Director (Finance) with effect from May 23, 2012.

Mr Rajagopal, aged 57 years is a Graduate in Mechanical Engineering. He joined the Company in the year 1977 and has held various important positions in the Company in the areas of SME, Erection/Mines. Prior to becoming Director (Power), he was the Chief Executive Officer of NLC Tamil Nadu Power Limited, a subsidiary company of the Company. He has a wide range of experience in mining and in the project implementation. He assumed charge as Director (Power) with effect from March 1, 2013.

Mr M. S. Ravindranath, aged 58 years, is a Graduate in Mechanical Engineering and a Fellow Member of the Institution of Engineers. He also holds Diploma in Production Management. He joined the Company in the year 1977 and has held various senior positions in the Company. Mr. M.S. Ravindranath has a wide range of experience in mining and power generation and also in project implementation. He was appointed as the Director (Mines) with effect from April 23, 2013.

Mr S. K. Roongta, aged 63 years, is a Graduate in Electrical Engineering and holds Post Graduate Diploma in International Trade. He began his career in Steel Authority of India Limited (“SAIL”) in the year 1972 and had held senior positions including Board level in SAIL and retired as Executive Chairman of SAIL. He had held various positions in the Industry/ Professional bodies and has won several awards including SCOPE Gold Award Excellence and Outstanding Contribution to the Public Sector Management Individual Category for the year 2007-08 and is considered as an expert on Indian infrastructure and metal industry. He joined the Company as Director with effect from September 30, 2010.

Mr L. N. Vijayaraghavan, aged 65 years, is a Post Graduate in Commerce and was a former member of Indian Administrative Service. He held important positions in Government of Tamil Nadu and also in State Government Undertakings and retired as Principal Commissioner & Commissioner of Civil Supplies and Consumer Protection, Government of Tamil Nadu. He joined the Company as Director with effect from September 30, 2010.

Mr A.P.V.N. Sarma, aged 64 years, is a Graduate in Engineering, also holding a degree in Law. Mr. Sarma was a former Member of Indian Administrative Service and had held important positions in Government of India and State of Andhra Pradesh, Public Sector Undertakings both in Central and State Governments and retired as Secretary to Government of India, Ministry of Shipping. Mr. Sarma joined the Company as Director with effect from September 30, 2010.

Mr.M.B.N.Rao aged 64 years, is a graduate in agriculture holding a diploma of ACIB (London) FIIB, MSIM, DCS (CAMBRIDGE) IDCs (UK). Mr. Rao joined Indian Bank as Probationary Officer in the year 1970 and held senior positions in the Bank. Mr.M.B.N.Rao held the position of Chairman & Managing Director of Indian Bank and later on became Chairman & Managing Director of Canara Bank before retiring in the year 2008. Mr. M.B.N.Rao has in-depth knowledge and experience in Banking & Finance, Economics and other related sectors including International Banking. Mr. M.B.N.Rao is on the Board of the Company w.e.f.30.09.2010.

Mr M. M. Sharma, aged 63 years, is a graduate in Mining Engineering and a holds a First Class Manager Certificate (Coal & Metal). Mr. Sharma began his career in Coal India Limited in the year 1971 and had held many senior positions. Mr. Sharma later joined as Deputy Director (Mines Safety), Government of India and retired as Director General of Mines Safety. Mr. Sharma joined the Company as Director with effect from September 30, 2010.

Mr V. Murali, aged 53 years, is a graduate in Commerce and Fellow Member of Institute of Chartered Accountants of India and Associate of Institute of Cost Accountants of India. Mr. Murali is a Practicing Chartered Accountant. He has authored many books and published many articles related to the profession and holds important positions in various social organisations and various Chamber of Commerce and Industry and other professional bodies. He joined the Company as Director with effect from September 30, 2010.



Mr R. K. Mishra, aged 64 years, is a Post Graduate in Commerce and a Ph.D. Mr. R.K.Mishra an academicians is presently holding the position of Director, Institute of Public Enterprise, Hyderabad. He has specialised in Financial Management, Corporate Governance, Corporate Social Responsibility, Performance Management and Public Enterprise Management. He has published many articles and has authored several books to the profession. He joined the Company as Director with effect from March 24, 2011.

Borrowing Powers of the Board

In terms of the Articles of Association, the Board may, from time to time, at its discretion raise or borrow any sum or sums of money for the purposes of the Company and subject to the provisions of the Companies Act may secure payment or repayment of the same in such manner and terms as prescribed by the Board. The Company has not borrowed funds exceeding the aggregate of the paid up capital and free reserves and so its borrowing is within the limits of Section 293(1)(d) of the Companies Act.

Shareholding of Directors

Except Mr. R. Kandasamy and Mr. M. S. Ravindranath none of the other directors the Company hold any shares in the Company. Mr. R. Kandasamy and Mr. M. S. Ravindranath hold 200 shares each in the Company.

Compensation of Directors

Executive Directors

The following tables set forth the compensation paid/payable by the Company to its Executive Directors for the Financial Year ended March 31, 2013:

Name of Director	Designation	Salary (In ₹)	Benefits (In ₹)	Performance Related Pay (In ₹)	Total (In ₹)
Mr B.Surender Mohan	Chairman -Cum-Managing (Director)	17,10,183	10,47,242	7,90,973	3548398
Mr. Rakesh Kumar	Executive Director – Finance	12,90,606	7,01,719	-	1992325
Mr.R.Kandasamy	Executive Director PLNG.& Projects	17,34,794	9,28,569	6,07,507	3270870
Mr Sarat Kumar Acharya	Executive Director- Human Resource	18,09,453	8,94,435	2,18,985	2922873
Mr.M.S.Ravindranath	Executive Director- Mines	*			
Mr S.Rajagopal	Executive Director (Power)	1,29,525	69,937	-	199462

* *Mr. M. S. Ravindranath joined the Company post March 31, 2013 and hence no compensation has been paid out in Financial Year ended March 31, 2013.*

Gratuity is contributed for the Company as a whole and hence excluded.

The following tables set forth the compensation paid by the Company to its Non-Executive Directors during the Financial Year ended March 31, 2013:

Non-Executive Directors

Name	Commission (In ₹)	Perquisites (In ₹)	Sitting Fees (In ₹)	Total (In ₹)
Dr.A.K.Dubey	Nil	Nil	Nil	Nil
Mr. N.S.Palaniappan	Nil	Nil	Nil	Nil



The following tables set forth the Sitting Fees paid/payable by the Company to its Independent Directors during the Financial Year ended March 31, 2013:

Independent Directors Sitting Fees

Name	Committee Meetings (In ₹)	Board Meetings (In ₹)	Total (In ₹)
Mr.S.K.Roongta	15,000	60,000	75,000
Mr. L.N.Vijayaraghavan	1,20,000	2,20,000	3,40,000
Mr. A.P.V.N.Sarma	60,000	2,00,000	2,60,000
Mr.M.B.N.Rao	60,000	1,20,000	1,80,000
* Mr. Sanjay Govind Dhande	60,000	1,40,000	2,00,000
Mr. M.M.Sharma	1,20,000	2,00,000	3,20,000
Mr. V.Murali	1,20,000	2,20,000	3,40,000
Mr. R.K.Mishra	1,50,000	2,20,000	3,70,000

* Mr. Sanjay Govind Dhande relinquished post March 31, 2013.

Details of key managerial personnel of the Company, other than the Executive Directors, are as follows:

Name of KMP	Age in yrs.	Date of Joining	Designation	Annual Remuneration in Rs.	Qualification	Total Experience in Yrs.	No. of shares held
K. Viswanath	47	June 03,1999	Company Secretary & Compliance Officer	1877528	B.Com, ACS	23	Nil
Veeraprasad K	60	December 29,1977	Executive Director*	2737230	B.E(Mechanical)	35	200
Senthamilselvan C	58	May 03, 1979	Executive Director*	2645334	B.E(Civil)	34	200
Ramachandran C	58	July 07,1977	CEO NTPL	2656126	B.E(Mechanical)	36	200
Suresh Babu K.M	57	July18,1977	Project Head, Barsingsar	2698102	B.E, MBA	36	200
Sreenivasan R	58	November 17,1977	Chief General Manager, Contracts	2611284	B.E(Mechanical)	35	200
Avudaihangam T.	58	June 30,1978	Chief General Manager. Thermal	2604753	B.E(Electrical)	35	Nil
Mohan V	59	July 20,1976	Chief Regional Manager, Chennai	2554535	B.E(chemical),GD MM	37	200
Alagar K	59	September 14,1976	Chief General Manager, Safety	2580819	B.E(Mechanical), AMIE(Mining)	36	200
Boopathy S	57	October 07,1977	CEO, NUPPL	2606206	B.E(Mechanical), M.E(Production), Grad. in I.E, Comp. Programming.	36	200
Ilamparuthi N	58	October 07,1977	Chief General Manager, SME and Conveyor	2698102	B.E(Mechanical)	36	200
Kanagachalam R	58	April 13,1978	Chief General Manager, Mine II	2646729	B.E(Mechanical)	35	Nil
Dr. Sankar K	59	December 30,1982	Chief General Superintendent, Medical	2781311	MBBS, Dip. In Dermatology	30	Nil
Mohan R	56	January 03,1983	Chief General Manager, Finance	2527654	B.Com, ACMA	30	200
Muthu N	53	February 25,1985	Chief General Manager, HR	2466424	B.Sc, MA(SW), MBA	28	200



Name of KMP	Age in yrs.	Date of Joining	Designation	Annual Remuneration in Rs.	Qualification	Total Experience in Yrs.	No. of shares held
Dr. Janardhan K	57	October 01,1985	Chief General Superintendent, Medical	2781311	MBBS, DCH	27	Nil
Syed Abdul Fateh Khalid	52	August 02,2010	Chief General Manager, Mine I and IA	2692129	B.E.(Mining)	30	Nil

* They are not Directors on the Board of the Company and designation of Executive Director is merely an official designation given by the Company.

Each of the aforesaid key managerial personnel is a permanent employee and/or director of the entity specified above.

Corporate Governance

The Company complies with the applicable corporate governance requirements, including the requirements such as constitution of the committees thereof under the Equity Listing Agreement.

Currently, the Board consists of fifteen Directors. The Chairman and Managing Director of our Board is an executive Director. Accordingly, in accordance with Clause 49 (I) (A) (ii) of the Equity Listing Agreement, at least one half of our Board is required to be comprised of independent directors. Currently, out of a total of 15 directors, two are Non-Executive Directors and seven are Independent Directors. One of our independent director's term ended on June 25, 2013. In terms of the provisions of clause 49 of the Equity Listing Agreement we have a period of 180 days to appoint another independent director on our Board. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Prospectus, there are fourteen Board level committees in the Company provided as under:

The members of the aforesaid committees as of the date of this Prospectus are:

Committee	Members
Audit Committee	Mr. V.Murali, Mr.L.N.Vijayaraghavan, Mr.M.B.N.Rao and Mr.R.K.Mishra
Remuneration Committee	Mr.A.P.V.N.Sarma, Mr.M.M.Sharma, Mr.S.K.Roongta, Mr.V.Murali, Mr Rakesh Kumar and Mr.Sarat Kumar Acharya
Sub-committee for Short-term Investment	Mr. B. Surender Mohan and Mr.Rakesh Kumar, any other director.
Committee of Directors for issue of Share/Bond Certificates	Mr. M.M. Sharma, Mr. R.K. Mishra and Mr. Rakesh Kumar
Risk Management Committee	Mr.L.N.Vijayaraghavan, Mr. R.Kandasamy, Mr. Rakesh Kumar, and R.K.Mishra
Sub-committee for Resource Mobilisation	Mr. B.Surender Mohan, Mr. Rakesh Kumar, Mr.S.Rajagopal and Mr. M.S.Ravindranath
Sub-committee for Pricing of Lignite and Power	Mr.B.Surender Mohan, Mr. Rakesh Kumar, Mr. S.Rajagopal, and Mr. M.S.Ravindranath
Committee on Sustainable Development	Mr. S.Rajagopal Mr.M.S.Ravindranath and Mr.R.Kandasamy
CSR Committee	Mr. R.K. Mishra, Mr.V. Murali, and Mr. Sarat Kumar Acharya
Shareholders/Investors Grievance Committee	Mr.M.M.Sharma, Mr. Rakesh Kumar and Mr. A.P.V.N. Sarma
Empowered Committee on purchase and contracts	Chairman cum Managing Director, Director (Planning and Projects), Director (Finance) and the concerned functional director in whose operational area the



Committee	Members
	proposal belongs to.
Sub- committee on purchase/ contracts	Mr.B.Surender Mohan, Mr. Rakesh Kumar, Mr. S.Rajagopal, and Mr. M.S.Ravindranath
Sub- committee for contribution /donation/sponsorship	Mr.B.Surender Mohan, Mr. Sarat Kumar Acharya, Mr. Rakesh Kumar and Mr. M.S.Ravindranath
Project Sub- committee	Mr.B.Surender Mohan, Mr. R. Kandasamy, Mr. Rakesh Kumar, Mr. S.Rajagopal, Mr. M.S.Ravindranath, S.K. Roongta, L.N. Vijayaraghvan and A.P.V.N. Sarma

Interest of Directors as of March 31, 2013

The Directors and KMPs are interested only to the extent of their remuneration received from the Company. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. All the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. The Non-Executive Directors of our Company may also be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee, and commission payable to them (which is capped at 1% of the net profits). There was no separate bonus or profit sharing plan for the Directors and the KMPs and there was no other interest except for a housing loan availed by Mr. Rakesh Kumar, Director (Finance) for towards purchase of an apartment in accordance with applicable rules.



PRINCIPAL SHAREHOLDERS

The Promoter of our Company is the President of India. The shareholding pattern of the Company as of June 30, 2013 is as indicated in the table below:

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B) ¹	% of shares (A+B+C)	Number of shares	% No. of shares
(A) Shareholding of Promoter and Promoter Group								
(1) Indian								
(a)	Individuals/ Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/ State Government(s)	1	1,56,96,39,900	1,56,96,39,900	93.56	93.56	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(1)	1	1,56,96,39,900	1,56,96,39,900	93.56	93.56	0	0.00
(2) Foreign								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1	1,56,96,39,900	1,56,96,39,900	93.56	93.56	0	0.00
(B) Public shareholding								
(1) Institutions								
(a)	Mutual Funds/ UTI	13	6,47,397	5,99,097	0.04	0.04	0	0.00
(b)	Financial Institutions/ Banks	14	19,07,188	19,04,688	0.11	0.11	0	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	19	7,83,83,497	7,83,83,497	4.67	4.67	0	0.00
(f)	Foreign Institutional Investors	12	10,75,308	10,75,308	0.06	0.06	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	58	8,20,13,390	8,19,62,590	4.89	4.89	0	0.00
(2) Non-institutions								
(a)	Bodies Corporate	1,103	29,19,470	29,16,970	0.17	0.17	0	0.00
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,00,223	2,01,52,272	1,78,40,112	1.20	1.20	0	0.00



Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B) ¹	% of shares (A+B+C)	Number of shares	% No. of shares
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	74	15,55,911	15,03,511	0.09	0.09	0	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)							
	Clearing Members	263	2,29,871	2,29,871	0.01	0.01	0	0.00
	Trusts	19	57,630	57,630	0.00	0.00	0	0.00
	Unclaimed Securities Suspense Account	1	1,100	1,100	0.00	0.00	0	0.00
	Limited Liability Partnership	2	5,015	5,015	0.00	0.00	0	0.00
	NRI	1,043	11,35,041	8,72,941	0.07	0.07	0	0.00
	Any Other Total	1,328	14,28,657	11,66,557	0.09	0.09	0	0.00
	Sub-Total(B)(2)	1,02,728	2,60,56,310	2,34,27,150	1.55	1.55	0	0.00
	Total Public Shareholding (B)=(B)(1)+(B)(2)	1,02,786	10,80,69,700	10,53,89,740	6.44	6.44	0	0.00
	TOTAL(A)+(B)	1,02,787	1,67,77,09,600	1,67,50,29,640	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
C1	Promoter and Promoter group	0	0	0	0.00	0.00	0	0.00
C2	Public	0	0	0	0.00	0.00	0	0.00
	Total C=C1+C2	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	1,02,787	1,67,77,09,600	1,67,50,29,640	100.00	100.00	0	0.00

Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"

Name of the Shareholder	Details of the Equity Shares held	
	No. of Equity Shares held	As a % of Grand Total
The President of India	1,56,96,39,900	93.56



ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. The Company, the Selling Shareholder and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and is not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

Authority for the Issue

The Issue was taken on record by the Board of Directors on July 18, 2013

The Selling Shareholder, through its letter No. CCEA/22/2013(i) dated July 1, 2013, has conveyed its approval to the Issue.

The Company has applied for and received in-principle approvals from BSE and NSE on July 29, 2013, respectively in terms of Regulation 91C(3) of SEBI Regulations. The Company has also filed a copy of the Red Herring Prospectus and this Prospectus with SEBI and the Stock Exchanges and delivered the Red Herring Prospectus and this Prospectus to the RoC for registration. The Red Herring Prospectus has also been displayed on the websites of the Stock Exchanges and the Company, stating that the Red Herring Prospectus is in connection with the Institutional Placement Programme and that the Issue is being made only to QIBs.

Prohibition by SEBI or Other Governmental Authorities

The Company, the Subsidiaries, the Promoter, the Directors and the persons in control of the Company have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoter, the Directors or the persons in control of the Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Restrictions on Issue Size

The aggregate of all tranches of the IPP undertaken by the Company cannot result in an increase in the public shareholding in the Company by more than 10% or such lesser percentage as may be required for the Company to achieve the required minimum public shareholding. Based on the Issue Size of 5,97,01,260 Equity Shares, the increase in public shareholding of our Company shall be 3.56%.

SEBI Approval

In terms of the SEBI Approval, the Promoter has been permitted to undertake the Issue and specify the criteria for Basis of Allotment in the offer document in terms of Regulation 91F(2)(c) of the SEBI Regulations. Further SEBI has permitted:

- (a) preference to Applicants belonging to the state government of Generating Unit States (“**State Applicants**”) in Allotment of Equity Shares and disclose the same in the offer document;
- (b) treatment of Applicants belonging to Government of Tamil Nadu as separate QIBs and not belonging to the same group or under the same control, for the purpose of Allocation and Allotment in the Issue;
- (c) Allocation and Allotment to less than 10 Applicants, Allotment of Equity Shares to a minimum of (i) two Applicants, if the Issue Size is less than or equal to Rs. 250 crores; and (ii) five Applicants, if the Issue Size is greater than Rs. 250 crores;
- (d) Allocation and Allotment of Equity Shares as per the pricing norms applicable in a Qualified Institutions Placement (“QIP”) whereby the Floor Price shall be a price not less than the average of the



weekly high and low of the closing prices of the Equity Shares quoted on the stock exchanges during the two weeks preceding the Relevant Date, which shall be the date of the meeting of our Board of Directors or a committee thereof which decides to open the Issue and 'stock exchanges' for this purpose shall mean any of the recognised stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date;

- (e) Allocation and Allotment of Equity Shares up to 50% of the Issue size to a single investor. In this regard, however, it has been clarified that in case of allotment in excess of 25% of the Issue size, the Equity Shares Allotted to that investor shall be subject to lock-in under Regulation 78(2) of the SEBI Regulations for a period of one year from the date of the Allotment; and
- (f) Relaxation of Regulation 91G(2)(a) of the SEBI Regulations to give preference to the State Applicants above Mutual Funds and Insurance Companies in the Issue.

In addition, SEBI vide its letter dated July 4, 2013 has clarified that the public financial institutions as defined under section 4A of the Companies Act and State Industrial Development Corporation would qualify as a QIB and be eligible to participate in the Issue.

Who can Apply

This Issue is being made only to QIBs. Only the following categories of QIBs are eligible to invest in this Issue:

- mutual funds, venture capital funds, alternative investment funds and foreign venture capital funds registered with SEBI;
- foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- multilateral and bilateral financial institutions;
- provident funds with minimum corpus of ₹25 crores;
- pension funds with minimum corpus of ₹25 crores;
- National Investment Fund set up by resolution no.F.No.2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

FII's are permitted to participate in the Issue only under the Portfolio Investment Scheme, subject to compliance with all applicable laws and such that the shareholding of the FII's does not exceed specified limits as prescribed under applicable laws in this regard.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of a FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of the Company's total issued capital. **The aggregate FII holding in the Company cannot exceed the sectoral cap as may be prescribed by the Government/ relevant statutory authority from time to time.**



Note: Each eligible sub-account of a FII, other than a sub-account which is a foreign corporate or foreign individual, will need to submit separate ASBA Applications. FIIs or sub-accounts of FIIs, are required to indicate the SEBI FII/sub-account registration number in the ASBA Application.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

- (a) rights under a shareholders' agreement or voting agreement entered into with a Promoter or persons related to the Promoter;
- (b) veto rights; or
- (c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the Promoter.

Kindly note that in accordance with the SEBI Approval, in case of receipt of valid ASBA Applications at same Clearing Prices, Allocation and Allotment of Equity Shares in the Issue will be undertaken in the following sequential order: (i) State Applicants will be preferred over other Applicants including the Mutual Funds and Insurance Companies; (ii) Mutual Funds and Insurance Companies will be preferred over other Applicants to the extent of the unsubscribed portion after Allocation to State Applicant as outlined in (i) above or 25% of the aggregate number of Equity Shares issued pursuant to the Issue, whichever is less; (iii) lastly other Applicants including Mutual Funds and Insurance Companies to the extent that they have not been Allocated Equity Shares in (ii) above will be considered. Consequently, if the aggregate number of Equity Shares to be issued pursuant to the Issue is fully exhausted by the State Applicants, no Equity Shares shall be Allocated and Allotted to other Applicants including Mutual Funds and Insurance Companies. For further details, please see “Basis of Allocation” and “Price Priority Method”.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications in the Issue does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

SEBI has permitted the Selling Shareholder to Allot Equity Shares in the Issue to less than 10 Applicants, subject to Allotment of Equity Shares to a minimum of (i) two Applicants, if the Issue Size is less than or equal to Rs. 250 crores; and (ii) five Applicants, if the Issue Size is greater than Rs. 250 crores, provided however that no single Allottee shall be allotted more than 50% of the Issue Size.

Subject to what is stated below:

QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing except in case of Applicants belonging to Government of Tamil Nadu whereby SEBI has allowed, vide SEBI Approval, treatment of such Applicants as separate QIBs and not belonging to the same group or under same control.

- (i) The expression belonging to the same group shall have the same meaning as ‘companies under the same group’ as provided in sub-section (11) of Section 372 of the Companies Act:



Section 372(11) of the Companies Act - *For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-*

- a. if the body corporate is the managing agent of the investing company; or
- b. if the body corporate and the investing company should, in virtue of subsection (1B) of section 370, be deemed to be under the same management.

Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

- (a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;
 - (b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;
 - (c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;
 - (d) The holding company of one body corporate is under the same management as the other body corporate within the meaning of (a), (b) or (c) above; and
 - (e) One or more directors of one body corporate hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.
- (ii) The expression ‘control’ shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

Regulation 2(1)(e) of the Takeover Regulations – *“control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.”

Minimum Application Size

Each ASBA Application is required to be for such number of Equity Shares and at such price per Equity Share such that the minimum Application Amount exceeds ₹200,000.

Information for the Applicants

- (a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.
- (b) The Selling Shareholder, in consultation with the Company and Book Running Lead Managers, will decide the Floor Price or the Price Band for the Issue, as the case may be, in accordance with the pricing norms applicable to QIP and the same shall be announced at least one day prior to the Issue Opening Date.
- (c) The Company will announce the Issue Opening Date and the Issue Closing Date in the Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.
- (d) The Company and the Selling Shareholder have filed the Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.



- (e) Once a duly filled ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.
- (f) The Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.
- (g) Upon the receipt of the ASBA Applications, the Selling Shareholder, after the closure of the Issue, shall determine the Clearing Prices for the Equity Shares offered in the Issue and the number of Equity Shares to be Allocated at the Clearing Prices, in consultation with the Company and the Book Running Lead Managers and in accordance with the Allotment Criteria. Upon approval of the Basis of Allocation by the Stock Exchanges, the Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Clearing Prices indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Clearing Price.
- (h) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 50% of the Issue Size.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company after registering the Red Herring Prospectus with the RoC, published a pre-Issue advertisement dated July 31, 2013 in the form prescribed by the SEBI Regulations, in "Financial Express", an English national newspaper, "Jansatta" a Hindi national newspaper and Makkal Kural (Chennai) a Tamil newspaper, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "**Representations by Investors**", "**Selling Restrictions**" and "**Transfer Restrictions**".

SCSBs would be entitled to a processing fee of ₹25 per valid ASBA Application collected by the members of the Syndicate in the Syndicate ASBA Bidding Centres and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

- (a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Syndicate ASBA Bidding Centres) and at the Registered Office of the Company. Electronic ASBA Applications will be available on the website of the Stock Exchanges and the Designated Branches of the SCSBs.
- (b) Any eligible Applicant may obtain a copy of this Prospectus as well as the ASBA Applications from the Registered Office of the Company.
- (c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only in the Syndicate ASBA Bidding Centres) to submit their ASBA Applications.



- (d) Applicants may submit their ASBA Applications, and / or the Revision Forms, during the Issue Period to (i) the members of the Syndicate in the Syndicate ASBA Bidding Centres; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate in the Syndicate ASBA Bidding Centres should bear the stamp of the Syndicate Member. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate in the Syndicate ASBA Bidding Centres.
- (f) For ASBA Applications submitted to the members of the Syndicate in the Syndicate ASBA Bidding Centres, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of BSE and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, named by such SCSB to accept such ASBA Applications from the members of the Syndicate in the Syndicate ASBA Bidding Centres (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account. For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account, before entering the required details of the ASBA Application into the electronic bidding system.
- (g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.
- (h) The Registrar to the Issue shall validate the details of the ASBA Applications uploaded on the electronic bidding system of BSE with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.
- (i) **Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of BSE by the Syndicate/ SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.**
- (j) Each ASBA Application will give the Applicant the option to indicate prices at or above the Floor Price or within the Price Band, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price, or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Clearing Prices, the maximum number of Equity Shares applied for by an Applicant at or above the Clearing Prices will be considered for Allocation and the rest of the options will become automatically invalid.
- (k) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to a SCSB or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSB or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to Allotment of the Equity Shares offered in this Issue. However, the Applicant can revise the price per Equity Share or the number of Equity Shares applied for upwards through the Revision Form, the procedure for which is detailed under the paragraph titled "*Revision of ASBA Applications*".



- (l) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of BSE.
- (m) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of BSE.
- (n) SCSBs making ASBA Applications on their own account using the ASBA facility are required to have a separate account in their own name with any other SEBI registered SCSB. Such account should be used solely for the purpose of making applications in public issues and clear demarcated funds should be available in such account for ASBA Applications
- (o) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (p) The Application Amount shall remain blocked in the aforesaid ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.
- (q) In case the Selling Shareholder withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. The Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

- (a) BSE will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by BSE. The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of BSE. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of BSE till such time as may be permitted by BSE.
- (b) Each ASBA Application will give the Applicant the choice to apply for prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.
- (c) With respect to details under the ASBA Applications submitted to the Syndicate Member at the Syndicate ASBA Bidding Centres, the Syndicate Member shall enter the following details in the electronic bidding system of BSE:
 - ASBA Application number;
 - PAN;
 - DP ID and Client ID number of the beneficiary account of the Applicant;



- Application Amount;
 - ASBA Account number;
 - Category of the Applicant;
 - Numbers of Equity Shares applied for;
 - Price per Equity Share;
 - Bank code for the SCSB where the ASBA Account is maintained; and
 - Name of the specified city.
- (d) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of BSE:
- ASBA Application number;
 - PAN;
 - DP ID and Client ID number of the beneficiary account of the Applicant;
 - Application Amount;
 - ASBA Account number;
 - Category of the Applicant;
 - Numbers of Equity Shares applied for; and
 - Price per Equity Share.
- (e) TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the members of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or the Company or the Selling Shareholder.
- (f) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of BSE.
- (g) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.
- (h) Neither the Company or the Selling Shareholder nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.
- (i) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and that clear demarcated funds are available in the blocked ASBA Account and can be transferred to the Public Issue Account on the Designated Date. The Company, the Selling Shareholder, the Registrar, the Book Running Lead Managers and the Syndicate Member shall not be responsible for any such acts, mistakes, errors or omissions.



- (j) The permission given by BSE to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the Selling Shareholder, the members of the Syndicate or the SCSBs are cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.
- (k) The aggregate demand shall be displayed by BSE without disclosing the price.
- (l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of BSE shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of BSE during the Issue Period, after which the Registrar to the Issue will receive this data from BSE and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of BSE with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.
- (m) The details of the ASBA Applications uploaded on the electronic bidding system of BSE shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

During the Issue Period, any Applicant who has submitted an ASBA Application subscribing to a specific number of Equity Shares at a particular price level may revise upwards the number of Equity Shares applied for and/or the price per Equity Share at or above the Floor Price or within the Price Band, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards.**

Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form. The Syndicate Member and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same Syndicate Member or the SCSB through whom such Applicant had placed the original ASBA Application.

Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in his or her ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.



Allocation

- (a) Allocation to FIIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (b) No single Allottee shall be Allotted more than 50% of the aggregate number of the Equity Shares Allotted in the Issue. For details, please see “*Number of Allottees*”.
- (c) In case of receipt of valid ASBA Applications at same Clearing Prices, Allocation and Allotment of Equity Shares in the Issue will be undertaken in the following sequential order: State Applicants will be preferred over other Applicants including the Mutual Funds and Insurance Companies; (ii) Mutual Funds and Insurance Companies will be preferred over other Applicants to the extent of the unsubscribed portion after Allocation to State Applicant as outlined in (i) above or 25% of the aggregate number of Equity Shares issued pursuant to the Issue, whichever is less; (iii) lastly other Applicants including Mutual Funds and Insurance Companies to the extent that they have not been Allocated Equity Shares in (ii) above will be considered. Consequently, if the aggregate number of Equity Shares to be issued pursuant to the Issue is fully exhausted by the State Applicants, no Equity Shares shall be Allocated and Allotted to other Applicants including Mutual Funds and Insurance Companies. Consequently, if the aggregate number of Equity Shares to be issued pursuant to the Issue is fully exhausted by the State Applicants, no Equity Shares shall be Allocated and Allotted to other Applicants including Mutual Funds and Insurance Companies.. For further details, please see “*Basis of Allocation*” and “*Price Priority Method*”.

Price Discovery

Based on the demand for the Equity Shares offered in the Issue generated at various price levels, the Selling Shareholder in consultation with the Company and the Book Running Lead Managers, shall finalise the Clearing Prices.

The Clearing Prices shall be at or above the Floor Price or within the Price Band, as the case may be, and the Equity Shares offered in the Issue shall be Allocated and Allotted at the Clearing Prices.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the price priority method. For details, please see “*Basis of Allocation*”.

Basis of Allocation

ASBA Applications received at or above the Clearing Prices shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. The Allocation and Allotment to all successful Applicants will be made in the manner set out herein, at the Clearing Prices finalised by the Selling Shareholder, in consultation with the Company and the Book Running Lead Managers.

Allocation to all Applicants shall be determined on the price priority basis such that Applicants who have submitted valid ASBA Applications at or above the Clearing Prices shall be Allocated Equity Shares offered in the Issue at the Clearing Prices as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue are exhausted. Provided however, in terms of the SEBI Approval, in case of receipt of valid ASBA Applications at same Clearing Prices, Allocation and Allotment of Equity Shares in the Issue will be undertaken in the following sequential order: (i) State Applicants will be preferred over other Applicants including the Mutual Funds and Insurance Companies; (ii) Mutual Funds and Insurance Companies will be preferred over other Applicants to the extent of the unsubscribed portion after allocation as outlined in (i) or 25% of the aggregate number of Equity Shares issued pursuant to the Issue, whichever is less; (iii) lastly other Applicants including Mutual Funds and Insurance Companies to the extent that they have not been Allocated Equity Shares in (ii) above will be considered. Consequently, if the aggregate number of Equity Shares to be issued pursuant to the Issue is fully exhausted by the State Applicants, no Equity Shares shall be Allocated and Allotted to other Applicants including Mutual Funds and Insurance Companies.

Price Priority Method



The Allocation and Allotment shall be made on a price priority basis as explained below:

- (a) Applicants will be categorised according to the price at or above the Floor Price or within the Price Band, as the case may be, at which the Application for any quantity of Equity Shares has been submitted;
- (b) Applicants who apply at the highest price, at or above the Floor Price or within the Price Band, as the case may be, shall be Allotted the Equity Shares applied for first, Applicants who apply at the second highest price at or above the Floor Price or within the Price Band, as the case may be, shall be Allotted the Equity Shares applied for next and the price priority method of Allotment shall continue in this manner until all the Equity Shares to be issued pursuant to this Issue are exhausted, subject to demand from Applicants. As a result, Applicants applying at the lowest Clearing Price shall be Allotted the Equity Shares on a proportionate basis based on the availability of an adequate number of Equity Shares at the lowest Clearing Price. In all these scenarios, while maintaining price priority mechanism, first preference shall be given to the State Applicants vis-à-vis other Applicants in case of receipt of valid ASBA Applications from the State Applicants and other Applicants at the same Clearing Prices and second preference shall be given to Mutual Funds and Insurance Companies over other Applicants in case of receipt of valid ASBA Applications at same Clearing Prices from Mutual Funds and Insurance Companies and other Applicants to the extent of the unsubscribed portion or 25% of the aggregate number of Equity Shares issued pursuant to the Issue, whichever is less; and
- (c) If the Allotment to an Applicant is not a multiple of one Equity Share (which is the marketable lot), the decimal would be rounded off to the higher whole number of Equity Share(s) if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off, subject to the maximum number of Equity Shares being offered in the Issue.

THE DECISION OF THE SELLING SHAREHOLDER IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

- (a) Upon approval of the Basis of Allocation by the Stock Exchanges, the Registrar to the Issue shall send to the Book Running Lead Managers a list of the Applicants who would be Allotted Equity Shares in the Issue.
- (b) The Company will then issue a CAN to the Applicants who have been Allocated Equity Shares in the Issue.
- (c) The dispatch of the CAN shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Clearing Prices.
- (d) On the basis of the approved Basis of Allocation, the Selling Shareholder will transfer the Allocated Equity Shares to the respective successful Applicants as per the Basis of Allocation in the Issue.

RoC Filing

The Company and the Selling Shareholder will update and deliver a copy of the updated Red Herring Prospectus for registration to the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue and will be complete in all material respects. The Company and the Selling Shareholder will register a copy of the Prospectus with the RoC in terms of relevant provisions of the Companies Act.

Advertisement under Regulation 66 of the SEBI Regulations

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.



Designated Date and Allotment of Equity Shares offered in the Issue

- (a) The Company and the Selling Shareholder will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depository account will be completed before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR.
- (b) In accordance with the SEBI Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.
- (d) The Selling Shareholder may, in consultation with the Company and the Book Running Lead Managers, Allot Equity Shares in the Issue to less than 10 Allottees pursuant to, and in accordance with, the SEBI Approval. In any event, no single Allottee shall be Allotted more than 50% of the Issue Size. It may be noted that in case of excess allocation from the limit prescribed under Regulation 91H(1) of the SEBI ICDR Regulations, the shares allotted to that investor shall be subject to lock in as per Regulation 78(2) of the SEBI ICDR Regulations. For further details, please see "*Issue Procedure - Number of Allottees*"

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

- (a) Check if you are eligible to apply;
- (b) Ensure if the funds invested by you have been remitted into India from abroad, and, in this regard, you agree to provide such supporting documentation as may be required by the Company to establish the same, pursuant to any legal and/or regulatory requirements;
- (c) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price, or within the Price Band, as the case may be;
- (d) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;
- (e) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;
- (f) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only in Syndicate ASBA Bidding Centres) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;
- (g) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;
- (h) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;
- (i) If you are an SCSB and are applying for Allotment of the Equity Shares, ensure that you use an ASBA Account for your ASBA Application which is maintained in your own name with a different SEBI registered SCSB, which ASBA Account is used solely for the purpose of subscribing in public issues, having clear, demarcated funds;
- (j) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA



- Application; (i) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCS or the Syndicate Member in Syndicate ASBA Bidding Centres;
- (k) Submit revised ASBA Applications to the same Syndicate Member/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;
 - (l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; (l) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;
 - (m) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of BSE by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;
 - (n) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the Syndicate Member (except in case of electronic forms);
 - (o) Applicants bidding through Syndicate should ensure that the ASBA Application is submitted to a Syndicate Member only in the Syndicate ASBA Bidding Centres and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit the ASBA Applications;
 - (p) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;
 - (q) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;
 - (r) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;
 - (s) ASBA Applications made on a repatriation basis shall be in the name of FIIs under the Portfolio Investment Scheme;
 - (t) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
 - (u) Information provided by the Applicants will be uploaded on the electronic bidding system of BSE by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of BSE by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Managers, the Registrar to the Issue, Syndicate Member, the SCSBs or the Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

ASBA Applications



The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of the Company, the Selling Shareholder, the Book Running Lead Managers, the Syndicate Member or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by public financial institutions as defined under section 4A of the Companies Act, State Industrial Development Corporation, FIIs, Mutual Funds, Insurance Companies and provident funds with a minimum corpus of ₹ 250,000,000 (subject to applicable law) and pension funds with a minimum corpus of ₹ 250,000,000, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to ASBA Applications by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.
- (b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.
- (c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹250,000,000 (subject to applicable law) and pension funds with a minimum corpus of ₹250,000,000, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.



OTHER INSTRUCTIONS

Multiple ASBA Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or Syndicate Member. Submission of a second ASBA

Applications in such manner will be deemed a multiple ASBA Application and would be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "*Revision of ASBA Applications*" above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

The Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.
2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

The Company and the Selling Shareholder has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected inter alia on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

- (a) ASBA Applications other than by QIBs;
- (b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;
- (c) Certified true copy of the relevant documents evidencing that you are a State Applicant not enclosed with ASBA Applications of State Applicants;
- (d) The amount mentioned in ASBA Application does not tally with the amount payable for the value of



the Equity Shares applied for;

- (e) PAN not mentioned in the ASBA Application;
- (f) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;
- (g) ASBA Application by Applicants whose demat account have been “suspended for credit” pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- (h) ASBA Applications not having details of the Applicant’s Depository account;
- (i) Multiple ASBA Applications as explained in the Red Herring Prospectus. For details, please see “*Other Instructions – Multiple ASBA Applications*”;
- (j) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Price Band Announcement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the ASBA Applications;
- (k) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;
- (l) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;
- (m) ASBA Application submitted by Applicants to a Syndicate Member at locations other than the Syndicate ASBA Bidding Centres;
- (n) In case of SCSBs applying for Allotment of Equity Shares, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;
- (o) ASBA Applications, details of which are not uploaded on the electronic bidding system of BSE; and
- (p) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

- (a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.
- (b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.
- (c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.
- (d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.
- (e) The trading of the Equity Shares issued pursuant to the Issue of the Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.
- (f) Non transferable CAN will be directly sent to the Applicants.



- (g) The Company, the Selling Shareholder or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the Syndicate Member or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications on or before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall take all steps to ensure that all the formalities with respect to the Issue are completed on or before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- (a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form on or before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR; and
- (b) Instructions for unblocking of the Applicant's ASBA Account shall be made on or before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR.

The Selling Shareholder undertakes that:

- (a) The Equity Shares being sold pursuant to the Issue are free and clear of any liens or encumbrances and shall be transferred to the successful Applicants within the specified time;
- (b) The Selling Shareholder shall inform the Company of any material developments known to it or which would have been reasonably known to it, which affects its ability to sell the Equity Shares in the Issue;
- (c) Instructions for unblocking of the Applicant's ASBA Account shall be made on or before August 8, 2013, the deadline stipulated by SEBI to comply with the requirement of minimum public shareholding as mandated under the SCRR;
- (d) The Selling Shareholder shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within 12 Working Days from the closure of the Issue; and
- (e) No further offer of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are transferred or until the monies blocked by the Applicants are unblocked on account of



under-subscription etc.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Issue Programme

ISSUE OPENED ON	August 2, 2013
ISSUE CLOSED ON	August 2, 2013

Details of the Issue programme were disclosed in the Price Band Announcement made on August 1, 2013.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m.(Indian Standard Time, “**IST**”) and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centers and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

The Selling Shareholder reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue, shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. The Company shall also inform the Stock Exchanges of such withdrawal.



PLACEMENT

Issue and Placement Agreement

The Book Running Lead Managers have entered into the Issue and Placement Agreement with the Company, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from the Company and the Selling Shareholder and is subject to termination in accordance with the terms contained therein.

The Company has received in-principle approvals from the Stock Exchanges under Regulation 91C(3) of the SEBI Regulations. The Issue is subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC.

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services to us or our affiliates for which they have received and may in the future receive compensation.

Statement of Responsibility among the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Book Running Lead Managers:

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities	Credit Suisse, I-Sec, SBICAP	Credit Suisse
2.	Due diligence of the Company including its operations, management, business plans, legal etc. Drafting and design of offer documents and other issue related material such as application forms etc. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of offer documents and the RoC filing.	Credit Suisse, I-Sec, SBICAP	Credit Suisse
3.	Appointment of the advertising agency; Drafting and approval of all statutory advertisements ; Co-ordination with ad agency for publicity compliance certificate	Credit Suisse, I-Sec, SBICAP	SBICAP
4.	Review of other publicity material such as corporate advertisements, press releases, etc.	Credit Suisse, I-Sec, SBICAP	SBICAP
5.	Appointment of intermediaries, including the Public Issue Account Bank, the Registrar to the Issue, the printers.	Credit Suisse, I-Sec, SBICAP	SBICAP
6.	Preparing road show presentation	Credit Suisse, I-Sec, SBICAP	I-Sec
7.	Domestic institutional marketing strategy, which will cover, inter alia: <ul style="list-style-type: none"> • Finalizing the domestic road show schedule • Managing logistics for domestic road shows 	Credit Suisse, I-Sec, SBICAP	I-Sec
9.	Co-ordination with the Stock Exchanges for book building software and bidding terminals	Credit Suisse, I-Sec, SBICAP	SBICAP
10.	Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for pricing and allocation, demat delivery of Equity Shares, intimation of Allocation and dispatch of the CANs to Applicants etc. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company. The post Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of	Credit Suisse, I-Sec, SBICAP	I-Sec



Sr. No.	Activities	Responsibility	Co-ordinator
	listing and trading of Equity Shares.		



SELLING RESTRICTIONS

The distribution of this Prospectus and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Prospectus are advised to take legal advice with regard to any restrictions which may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under “**Transfer Restrictions**” of this Prospectus.



TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of the Equity Shares.

The Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. In this regard, however, it has been clarified that in case of allotment in excess of 25% of the Issue size, the Equity Shares Allotted to that Allottee shall be subject to lock- in under Regulation 78(2) of the SEBI Regulations for a period of one year from the date of their Allotment.

Subject to the foregoing, by accepting the Red Herring Prospectus and this Prospectus and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the Book Running Lead Managers as follows:

- you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;
- you are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;
- you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the Securities Act;
- you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S); and
- the Company, each of the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Managers on your own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by the Company.



THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company, the Book Running Lead Managers, the Syndicate Member or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Issue Corporations) Regulations, 2012, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Various rules, bye-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employees stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**Delisting Regulations**") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and a circular dated February 1, 2012, SEBI has introduced two new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; and (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange.

On August 29, 2012, the Listing Agreement was amended to permit compliance with minimum public shareholding requirements by way of rights issues or bonus issues, each to public shareholders, with the promoters / promoter group forgoing their respective rights entitlements or bonus entitlements, as the case



maybe. Furthermore, this amendment permitted listed companies to approach SEBI for a relaxation from the available methods, or in relation to any other proposed method of compliance with the minimum public shareholding requirements. However, such requests would be considered on case to case basis based on merit.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Government under SCRA. It has evolved over the years into its present status as the premier stock exchange of India.

As of May, 2013 there were 5230 listed companies trading on the BSE. In July, the total equity turnover on the BSE was Rs 37,409.25 crores. The estimated market capitalization of stocks trading on the BSE was Rs 63,67,883.24 crores as on July, 2013. (Source: www.bseindia.com)

NSE

The NSE was established by financial institutions and banks to serve as a national exchange and to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994 and operations in the derivatives segment in June 2000.

The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid cap Index on January 1, 1996. The average daily turnover for June, 2013 was Rs 10,397 crores. As of June, 2013 the NSE had 1,633 companies listed and the estimated market capitalisation for the capital market segment stood at approximately Rs 62,48,442 crores. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system. (Source: www.nseindia.com)

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and



derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called National Exchange for Automated Trading' (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since the Company is an Indian listed company, the provisions of the Takeover Regulations apply to the Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.



DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, the Company's Memorandum and Articles of Association, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read the Company's Memorandum and Articles of Association carefully, and consult with their advisers, as to the Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of the Company is Rs 2000 crores divided into 2,00,00,00,000 Equity Shares of Rs 10/- each.

Articles of Association

The Company is governed by its Articles of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its Board of Directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the Board of Directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the Board of Directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of the Company may depend on a number of factors, including but not limited to, the Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of the Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of the Company such interim dividends as in their judgment the position of the Company justifies.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by the Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares Allocated/Allotted pursuant to the Issue rank *pari passu* with the existing Equity Shares of the Company in all respects including entitlements to any dividends that may be declared by the Company.

Capitalisation of Profits and Issue of Bonus Shares

The Company may, upon recommendation of the Directors at a general meeting, capitalise any amounts or other assets standing to the credit of the Company's reserves or reserve funds or the profit and loss account, or otherwise available for distribution and not required for the payment of the fixed dividends on any preference shares of the Company and available for dividend towards paying the amounts unpaid on any Equity Shares held by the member(s) of the Company or in payment in full of unissued Equity Shares, debentures or other securities of the Company, to be allotted and distributed and credited as fully paid among such members or partly in one way and partly in the other. The share premium account or the capital redemption reserve fund of the Company can only be applied towards payment for unissued Equity Shares to be issued to members of the Company as fully paid bonus shares. Any issue of bonus shares by a listed company will be subject to the applicable SEBI regulations.



Alteration of Share Capital

The Company's issued share capital may be increased by, *inter alia*, creation of new shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and institutions specified by the Government, requires the approval by way of a special resolution of the shareholders.

Subject to provisions of the Companies Act, the Company may also from time to time by special resolution reduce its share capital and convert all or any of its fully paid-up Equity Shares into stock and re-convert that stock into fully paid-up Equity Shares and cancel the Equity Shares which have not been or agreed to be taken up by any person.

The Articles further provide that the Company may in a general meeting, from time to time consolidate or sub-divide its share capital and the resolution may determine that as between the holders of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend capital or otherwise as compared with the others.

Pre-emptive Rights

When it is proposed to increase the subscribed capital of the Company by the issue of new Equity Shares, such Equity Shares shall be offered first to the existing shareholders in proportion to the capital paid up on those shares at that date by a notice, specifying the number of Equity Shares and limiting a time not less than 30 days from the date of the offer which shall be deemed to include the right exercisable by the person concerned to renounce the Equity Shares offered to him in favour of any other person. If the offer is not accepted it is deemed to have been declined. The Board is authorised to distribute any new Equity Shares not purchased by the existing shareholders in the manner that it deems most beneficial to the Company.

Further, new Equity Shares may be offered to any person whether or not those persons include existing shareholders, either if a special resolution to that effect is passed by the shareholders of the Company in a general meeting, or where a simple majority of shareholders present and voting have passed the resolution and the permission of the Government has been obtained.

Preference Shares

The Company may issue preference shares which are liable to be redeemed subject to provisions of the Companies Act.

General Meetings of Shareholders

The Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of the company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, or from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. Further, the shareholders of a company can participate in the general meeting through video conference facility, in the event such facility is provided by the company.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.



Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hand or on a poll. The voting rights shall be as specified in Section 87 of the Companies Act, subject to any rights or restrictions for the time being attached to any class or classes of shares.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event the Company does not effect transfer of Equity Shares within 15 days or where the Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of the Company are freely transferable. Further, in terms of the Articles, any person, being a nominee, who becomes entitled to shares by reason of death of a member shall be entitled to the same dividend and other advantages to which he would be entitled if were the registered holder, except that he shall not before being registered as holder of such shares, be entitled in respect of them to exercise any right conferred by membership in relation to the meetings of the Company.

Liquidation Rights

Subject to the provisions of the Companies Act, in the event of a company's winding-up, the holders of such shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such shares or, in case of a shortfall, proportionately. All surplus assets after payments due to employees, statutory creditors, secured and unsecured creditors and preference shareholders belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such shares respectively at the commencement of the winding-up.

Under the Articles of the Company, the liquidator on any winding-up (whether voluntary under supervision or compulsory) may, with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the



contributories as the liquidator shall think fit.



TAXATION

STATEMENT OF TAX BENEFITS

Date 29.07.2013

To
The Board of Directors
Neyveli Lignite Corporation Ltd.,
Chennai.

Dear Sirs,

Sub: Statement of Possible Direct Tax Benefits

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO NEYVELI LIGNITE CORPORATION LIMITED ("COMPANY") AND TO ITS SHAREHOLDERS

Details of Tax Benefit availed by NLC:

80IA Benefit :

1. During the previous year 2003-04, appellant had implemented a power project (TPS-I Expansion) for generating power to the tune of 210MWx2 for which approval was received on 12.2.1996. The Unit I and Unit II of TPS I Expansion started commercial operations on 9th May 2003 and 5th September 2003 respectively. The unit earned taxable profit (after adjusting carry over loss) for the first time in the year 2007-08 and accordingly claimed deduction u/s 80IA. Since for all the previous year 2003-04, the unit did not have taxable income on a standalone basis deduction u/s 80IA had not been claimed.

The 80IA benefit availed during the previous years are as follows:

FY 2012-13	Yet to be finalised
FY 2011-12	Rs.279,11,90,350
FY 2010-11	Rs.319,61,58,734
FY 2009-10	Rs.246,92,76,304
FY 2008-09	Rs.209,94,46,495
FY 2007-08	Rs.147,36,91,929

2. Similar benefit is also available for thermal power station to be commissioned before March 31,2014. The company is likely to commissioned TPS II expansion and Thermal project in the subsidiary company M/s NTPL. These projects are eligible for such tax benefit in future.

8.5% Tax Free Power Bonds:

During the previous year 2003-04, the power bills due and surcharge dues from EB's had been converted into Bonds - 8.5% - Tax Free SLR Power Bonds issued by the respective State Governments on behalf of EB's (as Principal Debtors) to discharge the dues, as per the Govt. directives. The securitization was based on the Tripartite Agreement between State Governments, Central Government and Reserve Bank of India. The Bonds was notified by the CBDT by No. 158 / 2003 Dt. 27.06. 2003 as Tax Free Bonds under section 10 (15) (1). The bonds were received in Dematerialized Form and accounted in the financial year 2003-04 as investment by way of converting the power dues. The Dematerialized Form Investment is being held at M/s Indian bank at free of cost.

The Interest exempted from tax computation during the previous year are as follows:

FY 2012-13	Rs.32,89,36,616
FY 2011-12	Rs.41,66,53,048
FY 2010-11	Rs.50,43,69,483



FY 2009-10	Rs.59,20,85,910
FY 2008-09	Rs.67,98,02,463
FY 2007-08	Rs.76,75,18,764
FY 2006-07	Rs. 214,82,03,290

Higher Income Tax Depreciation availed towards Barsingsar Project:

Higher depreciation claimed as per Income Tax provision for the power project assets commissioned during the year. The above benefits claimed during the following year for the new project commissioned at Barsingsar, Rajasthan.

FY 2012-13	- Rs.553.98 crores
FY 2011-12	- Rs.460.94 crores

Tax benefit to the share holder:

Dividend incomes in the hands of share holders are not taxable. Since the company is paying dividend distribution tax.



LEGAL PROCEEDINGS

Except as described below, as per the records maintained by the Company there are no outstanding material litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries or, our Directors in relation to the business activities of the Company, and there are no material defaults, non-payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in or dues payable to holders of any debentures, bonds or fixed deposits or arrears of preference shares issued by our Company or our Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offenses (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and our Subsidiaries and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Subsidiaries or Directors in relation to the business activities of the Company that may have a material adverse effect on our unconsolidated financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

We have individually summarized the significant proceedings involving our Company and Subsidiaries in relation to criminal cases, civil cases, and arbitration cases, and with respect of all other proceedings involving our Company and its Subsidiaries for claims exceeding Rs. 5 crores. (**Material Cases**).

Neither our Company nor our Subsidiaries or our Directors have been declared as willful defaulters by the RBI or any other Governmental authority. There are no violations of securities laws committed by our Company, our Subsidiaries or our Directors in the past or pending against them.

I. CRIMINAL CASES AGAINST THE COMPANY:

No criminal case is filed or pending against the Company.

II. CASES AGAINST CERTAIN DIRECTORS AND OFFICIALS OF THE COMPANY:

1. A private complaint No.33/2013 has been filed by Ashok Prajapat in the Sessions Court, Bikaner, Rajasthan against 7 (Seven) officials of the Company including the present Director of Planning & Projects and Director of Mines alleging commission of certain acts causing loss to the Company in awarding a contract with respect to water carrier system to IVRCL. The learned trial court had directed Anti Corruption Bureau, Bikaner to investigate into the matter and file their report by August 29, 2013. Matter is still pending in the court and the final outcome of the case is unascertainable.
2. Deputy Director Mines Safety, Chennai filed a prosecution case No. 233 of 2012 under Section 72 A, 72 C (1) (a) and Section 73 of the Mines Act against four of our Senior Officials of the Company Executive Director (SME& Conveyor), Chief General Manager (Mines-I & IA), ACM (Civil), Mine-II & Deputy Chief Engineer, Mine-II on the account of fatal accident which took place in Mine-II on April 19, 2012. The prosecution case is pending before the Court of District Munsiff cum Judicial Magistrate Neyveli. The Case is still at the trial stage and fixed for hearing on August 26, 2013. Amount of fine which may be imposed on the Company and its officers can not be ascertained at this stage.

III. ARBITRATION CASES:

1. M/s. Ansaldo Services Private Limited (ASPL)Vs. Neyveli Lignite Corporation Limited (NLC)

Dispute arose in respect of TPS-I Expansion (2x210MW) project regarding extension of time-1 with L.D. in the Contract for supply of power plant machinery. Ansaldo invoked arbitration clause and filed a claim for an amount of Rs. 98 crores, alleging, interalia, delays on the part of NLC in approval of change of source, drawings and documents, late and piece-meal submission of inputs, change in elevation of mono rail etc. The matter is still pending and next fixed for hearing on September 17, 2013. The amount involved in the arbitration is Rs 98.00 crore.



2. **M/s. Ansaldo Services Private Limited (ASPL) Vs. Neyveli Lignite Corporation Limited (NLC)**

Dispute arose in respect of delay in supply and execution of power plant machinery. Ansaldo invoked arbitration clause and filed a claim for an amount of Rs. 604 crores, seeking, inter alia, compensation due to extra works, refund of LD for auxiliary power consumption, compensation for loss of profit and damages, unpaid invoice amount, refund of wrongful encashment of Contract Performance Guarantee (CPG), etc. The matter is still pending. Amount involved in the matter is Rs 604 crores.

3. **Fenner India Limited vs. Neyveli Lignite Corporation Limited:**

Dispute arose with respect to the contract awarded to Fenner India Limited (Fenner) for supply and execution of Lignite handling system for one of NLC's plants. NLC invoked the Contract Performance Guarantee (CPG) due to non completion of many contractual obligations under the contract by Fenner. Fenner approached the Arbitral Tribunal challenging such invocation of CPG by NLC. Arbitration proceedings commenced on February 05, 2007 with Fenner claiming an amount of Rs 39.59 crores. Both the parties have completed their arguments on April 06, 2013. The Award of Arbitral Tribunal is reserved. Amount involved in the matter is Rs 39.59 crores.

4. **M/s Mc Nally Bharat Engineers (MBE) Vs. Neyveli Lignite Corporation Limited:**

A dispute arose between the Company and M/s Mc Nally Bharat Engineers (MBE), Kolkata in relation to Dense Phase Pneumatic Fly Ash Handling System Package of Neyveli Thermal Power Station – II (7x 210 MW). MBE invoked Arbitration on May 12, 2011. In view of the deficiencies not attended 7 BGs to the tune of Rs 7.35 crores were encashed on June 13, 2011 by NLC and subsequently NLC terminated the contract with MBE on July 21, 2011. MBE claimed an amount of Rs.25,13,74,855 on account of, inter alia, outstanding bill, utilization of man power, additional cost of insurance, loss of profit, the mobilization of tools and machineries, cost of site office and godowns, refund of 7 Bank Guarantees' amount, etc. The matter is still pending and the next date of hearing is fixed for October 17, 2013. Amount involved in the matter is Rs.25.14 crores.

5. **M/s.Siemens Vs. Neyveli Lignite Corporation Limited:**

NLC entered into a contract with M/s SIEMENS for Distributed Control System (DCS) implementation work in Stage-I (3x210 MW) of TPS-II. NLC deducted Liquidated Damages (LD) since there was a delay in Commissioning of the DCS as per the terms and conditions of the contract. Aggrieved by the same, SIEMENS invoked Arbitration and made claims for an aggregate amount of Rs. 8.57 crores, on account of, inter alia, illegal retention of money by NLC towards imposition of LD, additional cost incurred against supply of additional cables, service of laying and termination of such cables, additional cost incurred due to increase in the scope of supplies, amounts withheld by NLC on account of excise duty and sales tax on imported items, etc. Matter is still pending and posted in September, 2013 for further hearing. Amount involved in the matter is Rs. 8.57 crores.

Other Arbitration Cases

There are 8 more arbitration cases pending as on date of filing of the Prospectus involving claim amount of Rs 10.98 Crore (excluding applicable interest portion).

IV. CIVIL CASES:

1. **M/s Metro Machinery Traders Vs. State Trading Corporation & Neyveli Lignite Corporation Limited:**

M/s Metro Machinery Traders (MMT) with the financial assistance of State Trading Corporation (STC) had purchased a Fertilizer plant from NLC, by way of auction through Metal Scrap Trading Corporation (MSTC) amounting to Rs 165 crores (inclusive of sale price, Excise Duty & Taxes). A dispute arose between STC and MMT and STC filed an OMP in the High Court of Delhi and obtained a restraining order against MMT from removing the Goods.

MMT has alleged that the contract was void due to non disclosure by NLC of certain imported items in NIT. MMT filed an SLP(C) No.28621/2008 before the Supreme Court against the orders of the



Division Bench of Madras High Court in Writ Appeal 1502/2007 challenging the Contract of Sale itself. NLC has filed its reply and also an application seeking appointment of Arbitrator. The matter is pending in Supreme Court and posted for hearing on August 21, 2013. Amount involved in the matter is Rs 132.65 crores.

2. Larsen & Toubro Vs. Neyveli Lignite Corporation Limited

Larsen & Toubro (L&T) was awarded a Letter of Award (LOA) on February 25, 2005 for supply of a 700 L Bucket Wheel Excavator (BWE) on Turnkey basis for Mine II expansion for a value of Rs 52,55,51,000 and Euro 60,23,396. Due to undue delay of 20 months for carrying out the Takeover Test, NLC, as per clause 7.3.1 of the Contract, deducted Liquidated Damages (LD) @ 10% of the contract price for the equipment i.e Rs 4,79,85,811 and Euro 602,339.60. L&T was asked to remit the LD amount of the Indian portion of Rs.4.33 crores (Being 90% of LD amount returned against LD BG) so that NLC could return their Liquidated Damages Bank Guarantee (LDBG). Since L&T failed to respond positively NLC invoked the LDBG and lodged claim with IDBI bank. Meanwhile, L&T approached High Court, Madras and filed OA No. 379 of 2013 along with an injunction application under Section 9 of the Arbitration Act, against NLC restraining it to invoke the Bank Guarantee (BG). The High Court, Madras vide its order dated May 08, 2013 directed that L&T shall extend the validity of the BG for a period of 3 years from June 30, 2013, and till that period NLC shall not encash the BG. NLC is yet to file its reply. The matter is pending in the High Court, Madras and the matter is yet to be listed for hearing.

Amount involved in the matter is Rs 9.30 crores.

3. Chitrahah Traders Vs. Neyveli Lignite Corporation Limited:

The dispute arose out of a contract for sale order issued by NLC in favour of M/s. Chitrahah Traders for sale of machinery of B & C Plant pursuant to an e-auction for a value of Rs. 70 crores and EMD amount was Rs. 7 crores. Contrary to the terms and conditions of e-auction, M/s. Chitrahah Traders opted to make payments towards sale value in installments which resulted in belated payments. Accordingly, NLC withheld Rs. 1.62 crores from the EMD. The claim of refund of the above withheld amount was rejected by the Company. Hence the above dispute with a claim of Rs. 8.70 crores including interests and loss for the withheld amount was adjudicated by the Arbitral Tribunal passing an Award dated November 02, 2009. Allowing the claim only for Rs. 45 lakhs. In compliance of the award the, Company had made payment of Rs. 50.74 lakhs inclusive of interest. M/s.Chitrahah Traders challenged the said Award by filing an application No. O.P.159/2010 under section 34 of the Arbitration Act, before the High Court of Madras seeking to set aside impugned award. The Original Petition before the High Court has been admitted and yet to come up for regular hearing. The approximate amount involved in the matter including applicable interest is Rs. 15 crores.

4. Civil Appeal No. 9675 of 2010 filed by TNEB:

NLC had filed a Petition No. 163/2008 dated December 23, 2008, before CERC to direct TNEB to comply with the CERC Orders dated October 19, 2005 and September 14, 2006 whereby CERC had ordered TNEB to pay the excess rebate availed to the tune of Rs.79.52 crores and also directed TNEB to reimburse the accumulated Income Tax dues of Rs.481.46 crores as on November 30, 2008.CERC vide order dated January 7, 2010 redirected TNEB to reimburse the IT dues of Rs.481.46 crores to NLC.

TNEB filed an Appeal No. 49 of 2010 before APTEL against CERC Order dated January 7, 2010. APTEL vide its order dated September 10, 2010 upheld the order of CERC and directed TNEB to reimburse the Company's dues.

A civil Appeal No. 9675 of 2010 has been filed by TNEB before Supreme Court against the order dated September 10, 2010 passed by APTEL. The Company had filed rejoinder on April 30, 2013. The next date of hearing is scheduled for August 22, 2013.

If TANGEDCO succeeds in the appeal the Company will have to refund an amount of Rs. 572.55 crores on account of income tax dues deposited by TNEB with the Company. (If the Company losses its liability will be Rs 176 crore (that is the grossed up tax portion).



5. Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO formerly known as Tamil Nadu Electricity Board (TNEB) Vs. NLC, CIVIL APPEAL No. 1882 OF 2011 before Supreme Court of India.

The Company had filed Petition No. 5/2002 in 2002 for determination of Generation Tariff for the Tariff period from April 1, 2001 to March 31, 2004 for TPS II (Stage I & II) and transfer price of lignite. Due to lack of consensus among the beneficiaries and the Company in the determination of lignite transfer price, CERC directed the Company to approach Ministry of Coal (MOC) which computed the Transfer price of Lignite and revised the lignite price in line with the MoC guidelines. The final tariff order for TPS II (Stages I & II) for the period 2001-2004 was issued by CERC on March 23, 2007.

TNEB filed a Review Petition No. 79/2007 before CERC for review of the order dated March 23, 2007. CERC vide its order dated September 28, 2007 admitted only two points pertaining to reimbursement of Foreign Exchange Rate Variation (FERV) and Station Heat Rate and rejected the other points raised by TNEB and directed NLC to file reply on the above points. Accordingly NLC filed reply dated October 25, 2007 furnishing clarifications on reimbursement of FERV and Station Heat Rate.

CERC vide its Order dated January 11, 2008 rejected all the claims of TNEB.

TNEB filed an appeal dated August 21, 2009 before the Appellate Tribunal (APTEL) against the CERC order dated January 11, 2008. APTEL vide Judgment dated November 05, 2009 dismissed the petitions of TNEB stating them to be as not maintainable.

Aggrieved by this judgement, TANGEDCO (formerly TNEB) has filed civil appeal CA 1882 of 2011 on August 17, 2010 against APTEL's impugned judgement.

Re-opening of 2003-2004 lignite price not only creates vertical ripples but also horizontal ripples since the price determined being pooled, it governs the energy charges of other stations like TPS -I Expansion. and also the price of lignite supplied by the Company to the Independent Power Producer. Financial liability of NLC cannot be ascertained at this Stage.

6. NLC Vs. Kerala State Electricity Board (KSEB)

Dispute arose as Kerala State Electricity Board (KSEB) one of the beneficiaries of NLC-TPS I Expansion and NLC-TPS II – Stage I & II, disputed NLC's action in availing Tax Holiday from 2007-08 onwards. As per section 80 I A (2) of Income Tax Act 1961, the Tax holiday benefit can be claimed for any 10 consecutive assessment years out of 15 years beginning in the year in which the date of commissioning of the plant falls. Accordingly NLC availed Tax holiday benefit for TPS-I Expansion. from 2007-2008 onwards. It was alleged by KSEB that the Company should have availed the tax benefit for the period starting from the year of commercial operation 2003-2004 and not from 2007-2008 since it was disadvantageous to the beneficiaries. The Company filed petition dated December 31, 2009 before Central Electricity Regulatory Commission (CERC) seeking its intervention to direct KSEB to reimburse the tax claims of NLC amounting to Rs.119.09 crores as on March 31, 2009 (inclusive of Rs.57 crores for TPS-II), vide Order dated September 20, 2012 CERC disposed of the petition.

Aggrieved by the CERC order, NLC filed an Appeal No. 250 of 2012 before the Appellate Tribunal for Electricity (APTEL). APTEL vide its Order dated July 3, 2013 dismissed the appeal holding that even if NLC had availed tax benefit under Section 80 IA (2) in respect of TPS-I Expansion. from FY 2007-08 there was no taxable income for TPS-I Expansion. during the years 2004-2005 to 2006-2007. Further APTEL took the view that NLC might have set off the profit of its other generating station during the period 2004-05 to 2006-07 for computing its tax liability for payment of tax as a generating company but the total tax has to be distributed amongst the various generating stations as per Tariff Regulations i.e. as per the station-wise profit before tax. APTEL dismissed the Company's appeal holding that since there was no profit in TPSI Expansion. in the years from 2003-2004 to 2006-2007 in view of huge accumulated loss in FY 2003-2004, there was no question of any income tax being apportioned to TPS-I Expansion. during this period.



The Company is in the process of filing an Appeal before the Supreme Court against APTEL Order dated July 3, 2013. If the appeal in Supreme Court is dismissed NLC will incur a liability of Rs. 62.08 crores.

7. Appeal 52 of 2013 of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and Appeal 87 of 2013 of NLC before Appellate Tribunal for Electricity (APTEL) against CERC order 19.12.2012

The Company filed a petition No. 97/2005 dated August 09, 2005 before the CERC seeking direction against Tamil Nadu Electricity Board (TNEB, now known as TANGEDCO) to comply with the CERC Regulations 2001 with respect to rebate and to refund to NLC the excess rebate availed by them in respect of the power procured from NLC. Vide order dated October 19, 2005 CERC directed TNEB to refund the excess rebate availed but TNEB failed to comply.

A similar Petition No. 163/2008 dated December 23, 2008 was filed by NLC before CERC against TANGEDCO seeking CERC's intervention to direct TANGEDCO to clear the Income Tax dues to the tune of Rs. 481.46 crores as on November 30, 2008 and excess Rebate availed to the tune of Rs. 79.52 crores as on November 30, 2007.

CERC heard NLC on rebate issue alone and vide order dated December 19, 2012 TANGEDCO was directed to refund or adjust the amount of excess rebate withheld by it for the period from August 09, 2005 to December 31, 2007, latest by 31.1.2013, with interest @ 9% per annum from September 1, 2005 till the date of refund or adjustment.

TANGEDCO challenged the said order dated December 19, 2012 of CERC by way of an Appeal No. 52 of 2013 before APTEL. Simultaneously NLC filed Appeal No. 87 of 2013 before APTEL seeking refund of the excess rebate which was still withheld by TANGEDCO. The next date for hearing is scheduled for August 8, 2013.

If TANGEDCO succeeds in its Appeal No. 52 of 2013, the Company will attract liability of Rs.28.41 crores.

V. EMPLOYEE RELATED CASES:

1. INDUSTRIAL AND SERVICE CASES:

Industrial Disputes before Central Government Industrial Tribunal and High Courts:

- (a) Employees of NLC have filed 11 Industrial Disputes (IDs) before Central Government Industrial Tribunal (CGIT), Chennai, in relation to service matters. The quantum of amount involved in the said IDs are unascertainable.
- (b) Employees' service related disputes in the High Courts as on the date of the filing of Prospectus, there are 160 cases including Writ Petitions relating to Employees' service with the Company which are pending before various High Courts and the quantum of amount involved in the said cases is unascertainable.

(c) CENTRAL ADMINISTRATIVE TRIBUNAL

An ex employee of NLC has filed O.A.No.511 of 2012, before CAT, Chennai seeking pro rata pension by treating his resignation as voluntary retirement by counting his service at NLC and past service at other organizations as qualifying service for pension. The application is pending and the quantum of amount involved in the said O.A. is unascertainable.

(d) Special Leave Petitions (SLP No. 24652 -24653 of 2008, SLP No. 2598 of 2009 & SLP No. 30969 -30970 of 2009)

As on the date of the filing of Prospectus there are 6 SLPs against NLC pending before the Supreme Court, with respect to secret ballot election for the recognition of trade union for collective bargaining and community certificate verifications. There is no financial



implication in these cases against the company.

VI. LAND ACQUISITION CASES:

1. Cases with respect to Jayamkondam Lignite Reserves

G.O. Ms.No. 62 was passed on July 6, 2006 by Government of Tamil Nadu to develop the Jayamkondam Lignite Reserves with NLC and as per the GO, Tamilnadu Industrial Development Corporation (TIDCO) for whom the lands were acquired was to hand over the lands to NLC for excavating the lignite and for setting up a power project. But so far lands have not been handed over to NLC and the physical possession of lands are still lying with original land owners, although TIDCO has paid compensation for it. The owners whose lands were acquired by TIDCO, started filing cases for enhancement of compensation and NLC was made as party in the proceedings. As on the date of filing of Prospectus, 6859 cases are pending before the special courts at Jayamkondam for enhancement of compensation.

The Board has decided not to pursue the Jayamkondam project and also addressed a letter dated March 6, 2012 to the Chief Secretary, Government of Tamil Nadu with a request to issue a GO annulling the GO no. 62 issued earlier.

In some matters, award passed by the Special Tahasildar were confirmed and in some other cases enhancement of compensation were ordered against which appeals were preferred by the Company which are pending before the Appellate Court. Hence it is difficult to ascertain the total amount of liability likely to be attracted by the Company.

2. Other Land Acquisition Cases:

Apart from the above cases pertaining to Jayamkondam project, 599 other land acquisition matters relating to the present mining area of land are also pending with various civil courts. Out of these, majority of the cases were filed between the parties with respect to ownership issue and NLC was made only a proforma party and no financial claim was made against the Company. **It would be difficult to ascertain the amount of liability which may be attracted by the Company.**

3. High Court Writ Petitions, Appeals /Revisions in respect of compensation:

Aggrieved by the orders passed by the Special Court at Jayamkondam for of enhancement of compensation for land acquisition in 38 cases, NLC filed appeals before the High Court, which are pending for disposal. These 38 cases involve claims of amount of Rs. 0.32 crores.

Apart from the above, there are 44 Writ Petitions pending before the High Court relating to land acquisition claiming alternative accommodation and other benefits. The stake involved in the above cases is unascertainable.

VII. MOTOR VEHICLE ACCIDENT CASES:

There are **60** motor vehicle accident cases filed against NLC, from the year 2007. As the vehicles are insured, the above claim may not result in any pecuniary liability against NLC. The above cases are pending before various Motor Vehicle Accident Tribunals at different stages. The aggregate claim amount is of Rs. 6.28 crores.

VIII. CONSUMER COMPLAINTS:

Two Consumer cases were filed against NLC for medical negligence committed by the doctors in the Hospital run by NLC for its workmen. The cases are still pending. The aggregate amount claimed as compensation is of Rs.0.42 crores.

IX. OTHER CIVIL CASES:

There are numerous civil cases filed by the creditors of the Company employees who have availed finance/borrowing from various banks, financial institutions and private money lenders who have



sought attachment/injunction against the salary / terminal benefits or other outgoings payables to employees which are pending in various civil courts. There are no financial implications in these cases against the Company.

X. TAX CASES

1. Custom Duty

The Fertilizer Plant and machinery were sold to M/s. Metro Machinery Traders (MMT) by way of e-auction through Metal Scrap Trading Corporation (MSTC) for Rs.132 crores on 01.04.2005, and a delivery order was issued by NLC to M/s. MMT providing the delivery period of 370 days (from 19.05.2005 to 23.05.2006). M/s. MMT were dismantling and taking delivery of the materials since 19.05.2005. In June 2006, the Directorate of Revenue Intelligence (DRI), Chennai commenced investigation and DRI issued Show cause notice to NLC and its executives in March 2007 seeking NLC's reply as to why **(i)** concessional benefits availed by NLC should not be denied. **(ii)** Differential duty of Rs.10,02,48,583 with applicable interest and penalty should not be demanded from NLC; **(iii)** imported goods should not be held liable for confiscation; **(iv)** the bond for Rs.23 crores and bank guarantee for Rs.3 crores executed by NLC during November 2006 towards release of seized goods should not be enforced; **(v)** Penalty should not be imposed on the executives under section 112(a) of the Customs Act 1962, for their acts of commission and omission.

After NLC filed its reply to the Show Cause Notice matter was heard by the Commissioner of Customs Department, Chennai in March 2012 and the Commissioner vide his order dated 28.03.2012 has **(a)** rejected the concessional benefits availed by M/s NLC on goods imported for the revamping of the Fertilizer Plant sections. **(b)** demanded the differential duty of Rs.10,02,48,538 (Difference between merit rated and concessional duty); **(c)** Ordered the adjustment of Rs.5,46,915 paid by NLC towards the imported surplus materials. **(d)** held that seized goods which were released provisionally valued at Rs.23 crores are liable for confiscation and allowed the said goods to be redeemed on payment of redemption fine of Rs.2,30,00,000 (Rupees Two Crores and Thirty Lakhs only) and on payment of differential duties of customs with interest. **(e)** imposed a penalty of Rs.10,02,48,538 (Rupees Ten Crores Two Lakhs Forty Eight Thousand Five Hundred and Thirty Eight only) **(f)** Ordered that, the bond for Rs.23 crores and the bank guarantee for Rs.3 crores executed by M/s NLC Ltd towards the provisional release of the seized goods should be enforced and adjusted towards the differential duty and adjudication liabilities. **(g)** Dropped the proceedings initiated against the executives of NLC.

NLC filed an appeal numbering C/86/2012 before the Hon'ble CESTAT, Chennai, against the order of Commissioner of Customs. NLC's stay application was heard by the CESTAT, Chennai on July 19, 2012. Hon'ble CESTAT granted a stay vide order dated July 19, 2012 subject to NLC pre-depositing 50% of the duty confirmed against them within 12 weeks, reporting compliance on October 18, 2012. NLC has complied with the said conditions. Matter is still pending. The amount involved is Rs.22.34. Crores.

2. INCOME TAX MATTERS

There are currently fourteen causes (14) cases pending against the Company at various forums. The total liability of these fourteen cases amounts to Rs. 5,73,52,51,522.

The summaries of the cases are as described below:

- (a) The Company currently has eight disputes pending before various forums in relation to eight assessment years relating to claim under section 80IA and other incidental claims. The Company has entered into various power purchase agreements with various SEB's. The income tax payable by the Company as advance tax liability was factored into the fixing of tariff with the state electricity boards. Therefore the income tax department was of view that tax liability of the Company was paid by the respective state boards and the receipt of income tax by way of reimbursement was not income from manufacturing or production activity to avail deduction under section 80IA of the Income Tax Act.

The total tax liability across various assessment years is provided below:



Assessment Year	Current forum	Total claim (In Rs.)
2000-2001	High Court (1131/2010)	8,89,67,455
2001-2002	Supreme Court (SLP No. 11015/2013)	30,99,48,485
2002-2003	High Court TC (A)1382/2008	13,41,61,510
2003-2004	High Court	7,04,88,461
2004-2005	High Court	5,21,98,125
2008-2009	ITAT 1983/2011	56,82,21,056
2009-2010	ITAT 855/2013	78,77,89,084
2010-2011	CIT (Appeals)	1,42,93,81,975

- (b) For the assessment year 2001-2002, currently pending before the Income Tax Appellate Tribunal (Case No. 223/2009) for disallowance of expenditure on repairs of conveyor belt to be treated as revenue rather than capital expenditure. The total amount in dispute is Rs. 27,68,50,000.
- (c) The Company has claimed deductions under section 80IA, which came into effect from assessment years 2000-2001 which gives the assess an option to claim deduction for any ten consecutive assessment years out of fifteen years beginning from the year in which such undertaking began. The Assessing officer has disputed the date from which the Company has begun computing the ten consecutive years for claiming the benefit as the assessing officer was of the view that the operations had commenced before the exemption was introduced. There are three such cases pending before various forums as mentioned below:

Assessment Year	Current forum	Total claim (In Rs.)
2000-2001	ITAT	20,19,97,810
2001-2002	ITAT	16,94,90,420
2002-2003	ITAT	22,02,71,226

- (d) For the assessment year 2007-2008 and for the assessment years 2006-2007, the Company has contested the disallowance of surcharges recoverable from electricity board under section 147, in relation to depreciation of water supply and drainage and sales adjustments. The claims for the years were Rs. 410,636,915 and Rs. 1,014,849,000. The matters are currently pending before the ITAT and the CIT (A).

CASES FILED AGAINST THE VARIOUS DIRECTORS OF THE COMPANY IN THEIR REPRESENTATIVE CAPACITY

Details of civil cases falling in various classes, are given below wherein the CMD and other Executive Directors of the Company have been shown as respondents in their official capacity. Since these cases have been filed by the designation of the concerned official they may not attract any liability in their personal capacity.

- There are no criminal or civil cases filed by the Directors in relation to the business activities of the Company.

Sr. No.	Nature of the Litigation	Number of Cases where the following officials shown as Respondents					
		CMD	Director/HR	Director/Mines	Director/Finance	Director/Power	Director/Planning & Project
1.	Workmen's Compensation(Wc)	08	00	00	00	00	00
2.	Writ Petitions (Wp)	66	19	00	01	00	00
3.	Writ Appeals (Wa)	04	02	00	00	01	01
4.	Industrial Dispute Cases (Id)	05	06	00	00	00	00
5.	Land Acquisition Cases (Laop) (Jayamkomdam)	6859	00	00	00	00	00



Sr. No.	Nature of the Litigation	Number of Cases where the following officials shown as Respondents					
		CMD	Director/HR	Director/Mines	Director/Finance	Director/Power	Director/Planning & Project
6.	Other Civil Suits (Os)	36	15	01	03	00	00
7.	Gratuity Cases	15	00	00	00	00	00
8.	Motor Accident Claims Cases (Mcop)	09	00	00	00	00	00
9.	Consumer Cases (Cc)	01	00	00	00	00	00
10.	Central Administrative Tribunal (Cat)	01	00	00	00	00	00
11.	Special Leave Petition In Supreme Court (Slp)	03	00	00	00	00	00
12.	Tax Matters (Cestat Etc)	00	00	00	00	00	00
	Total	7007	42	01	04	01	01

CASES FILED BY THE COMPANY

CIVIL CASES

1. There are **12 suits** which are filed by the Company for non payment of dues against various dealers and distributors to whom Fertilizer was supplied by the Company. These suits are decreed in favour of the Company and are pending at execution stage. The amount involved in these cases is about Rs. 0.88 crores.
2. In the Arbitration proceedings invoked by M/s. Fenner India Limited, given under “*Legal Proceedings*” above, NLC made a Counter claim of Rs.9.03 Crore. Both parties have completed their arguments on April 06, 2013. The Award of Arbitral Tribunal is reserved.
3. In the arbitration proceedings filed by M/s Mc Nally Bharat Engineers (MBE) Kolkata given under “*Legal Proceedings*” above, NLC has filed a Counter claim of Rs. 30.31 crores. The matter is still pending before the arbitral tribunal.



INDEPENDENT ACCOUNTANTS

M/s. L.U. Krishnan & Co. and M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, Firm Registration No. 001527S and 003957S, respectively, were the Joint Statutory Auditors of the Company and have audited the Consolidated Financial Statements as of and for each of the years ended March 31, 2013 and March 31, 2012.

M/s L.U. Krishnan & Co., Firm Registration No. 001527S, jointly with one other chartered accountant, were the joint statutory auditors of the Company in 2011 and have audited the Consolidated Financial Statements as of and for the year ended March 31, 2011.



GENERAL INFORMATION

1. The Company was originally incorporated on November 14, 1956 as Neyveli Lignite Corporation (Private) Limited, a private limited company under the Companies Act, 1956, as amended by the Registrar of Companies, Tamil Nadu. Subsequently, upon conversion to a public limited company, the name was changed to Neyveli Lignite Corporation Limited on July 30, 1959.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI Regulations and in accordance with the terms of the SEBI Approval obtained by the Selling Shareholder.

The President of India represented through Ministry of Coal decided to sell 3.56% of its stake in the Company for the purpose of compliance with the minimum public shareholding in terms of rule 19(2)(b) and 19A of the Securities Contracts (“**Regulation**”) Rules 1957.

The decision of the Selling Shareholder by way of IPP has been taken on record by the Board of Directors through resolution dated July 18, 2013.

3. The Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

4. Except as disclosed in this Prospectus, there has been no material change in the Company’s financial condition since March 31, 2013, the date of its latest audited consolidated financial statements, prepared in accordance with Indian GAAP, included herein.

5. Except as disclosed in this Prospectus there are no legal or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

6. The Company’s Joint Statutory Auditors, M/s. L.U. Krishnan & Co. and M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, have audited the Company’s consolidated financial statements as of and for each of the years ended March 31, 2013 and March 31, 2012 included in this Prospectus and has consented to the inclusion of their audit report in relation thereto in this Prospectus.

7. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

8. **Consents**

Consents in writing of the Directors, the legal advisors, the Book Running Lead Managers, the Syndicate Member, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

The Company’s Statutory Auditors, M/s. L.U. Krishnan & Co. and M/s. Sreedhar, Suresh & Rajagopalan Chartered Accountants, who have audited the Company’s consolidated and unconsolidated financial statements as of and for each of the years ended March 31, 2013 and 2012 have given their written consent to inclusion of their report dated May 28, 2012 and May 28, 2013 and relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Prospectus and M/s. L.U. Krishnan & Co., Chartered Accountants, one of the auditors who had audited the Company’s consolidated and unconsolidated financial statements as of and for the year ended March 31, 2011 have given their written consent to the inclusion of their names and respective auditors’ reports dated May 27, 2011 in the form and context in which it appears in this Prospectus.

9. **Experts**

The Company has received consent from the Joint Statutory Auditors namely, M/s. L.U. Krishnan & Co. and M/s. Sreedhar, Suresh & Rajagopalan, Chartered Accountants, who have audited the



consolidated financial statements as of and for each of the years ended March 31, 2013 and 2012, to include their name as an expert under Section 58 of the Companies Act in this Prospectus in relation to their audit report dated May 28, 2012 and May 28, 2013 included in this Prospectus and such consent has not been withdrawn as of the date of this Prospectus.

The Company has received consent from the M/s. L.U. Krishnan & Co., Chartered Accountants, one of the joint auditors who had audited the consolidated financial statements as of and for the year ended March 31, 2011 to include their name as an expert under Section 58 of the Companies Act in this Prospectus in relation to their audit report dated May 27, 2011 included in this Prospectus and such consent has not been withdrawn as of the date of this Prospectus.

10. Company Secretary and Compliance Officer

The Company Secretary and Compliance Officer of the Company is Mr. K. Viswanath. His contact details are as follows:

Mr. K. Viswanath

Neyveli Lignite Corporation Limited

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

Tel : +91 4142 252 205

Fax : +91 4142 252 645

Email : cosec@nlcindia.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allocated/Allotted, credit of Allocated/Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

11. Price Information of Past Issues handled by Book Running Lead Managers

(a) The price information of past issues handled by Credit Suisse is as follows:

Sr No.	Issue Name	Issue Size Rs. (Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	Closing Price on Listing Date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date (Rs.)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date (Rs.)	Benchmark index as on 30th calendar days from listing day (Closing)
1.	L&T Finance Holdings Limited	12,450	52.00(1)	12-Aug-11	51	49.95	-3.94%	16,839.63	50.9	16,416.33	50.15	16,709.60	49	16,446.02
2.	SKS Microfinance	16,287.83	935 (2)	16-Aug-10	1,036	1,088.58	5.08%	18,050.78	1,183.96	18,032.11	1,383.50	19,346.96	1,402.30	20,104.86

(1) Price of Rs.56 per equity share for anchor investors.

(2) Premium of Rs.50 per equity share offered to QIBs and Non-Institutional bidders.

Note:

- All above data is of BSE (Website www.bseindia.com) and SEBI website (<http://www.sebi.gov.in/sebiweb/>)
- Benchmark Index considered above in all the cases was BSE SENSEX
- 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day

Summary statement of price information of past issues handled by Credit Suisse:

Financial Year	Total No. of IPO's	Total Funds Raised (Rs. Mn.)	Nos. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012-2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011-2012	1	12,540	0	0	1	0	0	0	0	0	0	0	0	0
2010-2011	1	16,287.83	0	0	0	0	0	1	0	0	0	0	0	1



Track record of past issues handled by Credit Suisse

For details regarding the track record of Credit Suisse, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of Credit Suisse, as set forth in the table below:

Sr. No	Name of the Manager	Website
1.	Credit Suisse Securities (India) Private Limited	http://www.credit-suisse.com/in/ipo/en/track_record.jsp

(b) The price information of past issues handled by I-Sec is as follows:

Sr No.	Issue Name	Issue Size Rs. (Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date(Rs.)	Closing Price on Listing Date(Rs.)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing date(Rs.)	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing date(Rs.)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing date(Rs.)	Benchmark index as on 30th calendar days from listing day (Closing)
1	Bharti Infratel Limited	41,727.60	220*	28-Dec-12	200	191.65	-12.89%	5,908.35	207.40	5,988.40	204.95	6,039.20	210.30	6,074.80
2	Credit Analysis and Research Limited	5,399.78	750	26-Dec-12	940	922.55	23.01%	5,905.60	929.25	5,988.40	931.05	6,056.60	924.85	6,074.65
3	Tara Jewels Limited	1,794.99	230	6-Dec-12	242	229.9	-0.04%	5,930.90	230.25	5,857.90	223.75	5,905.60	234.00	5,988.40
4	Future Ventures India Ltd.	7,500.00	10	10-May-11	9.00	8.20	-18.00%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
5	Muthoot Finance Ltd.	9,012.50	175	6-May-11	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	157.60	5,412.35	175.25	5,532.05

* Discount of Rs. 10 per equity share offered to retail investors and Premium of Rs. 10 per equity share to Anchor investors. All calculations are based on issue price of Rs 220.00 per equity share

Note:

- All above data is of NSE (Website www.nseindia.com)
- Benchmark Index considered above in all the cases was NIFTY
- 10th, 20th, 30th trading day from listed day have been taken as listing day plus 10, 20 and 30 calendar days. Wherever 10th, 20th, 30th trading day is a holiday, we have considered the closing data of the next trading date / day.

Summary statement of price information of past issues handled by I-Sec:

Financial Year	Total No. of IPO's	Total Funds Raised (Rs. Mn.)	Nos. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-14	0	Nil	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	3	48,922.37	0	0	2	0	0	1	0	0	1	0	0	2
2011-12	2	16,512.50	0	0	1	0	0	1	0	0	1	0	0	1

Track record of past issues handled by I-Sec

For details regarding the track record of I-Sec, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of I-Sec, as set forth in the table below:

Sr. No	Name of the Manager	Website
1.	ICICI Securities Limited	www.icicisecurities.com

(c) Price information of past issues handled by SBI Capital Markets Limited



Sr. No.	Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date (Rs.)	Closing price on listing date (Rs.)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day (Rs.)	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day (Rs.)	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day (Rs.)	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Credit Analysis and Research Limited	539.98	750.00	26-Dec-12	949.00	923.95	23.19%	19,417.46	934.45	19,784.08	924.15	19,906.41	916.60	19,923.78
2.	PC Jeweller Limited	601.31	135.00 ⁽¹⁾	27-Dec-12	135.50	149.00	10.37%	19,323.80	181.90	19,691.42	169.00	19,986.82	157.80	20,103.53
3.	Repco Home Finance Limited	270.232	172.00 ⁽²⁾	01-Apr-13	159.95	161.8	-5.93%	5,704.40	171.65	5,558.70	168.75	5,834.40	170.90	5,930.20

Source: Designated stock exchange for the respective issues has been considered for the purpose of calculating of the above price information.

Note:

The 10th, 20th and 30th calendar day computation includes the listing day. If either of the 10th, 20th or 30th calendar days is a trading holiday, the next trading day is considered for the computation.

We have considered the designated stock exchange for the pricing calculation.

(1) Issue price for employees and retail individual bidders was ₹ 130.00

(2) Issue price for employees was ₹ 156.00

Summary statement of price information of past issues handled by SBICAP

Financial Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2011-12	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	2	1,141.28	0	0	0	0	0	2	0	0	0	0	0	2
2013-14	1	270.23	0	0	1	0	0	0	0	0	1	0	0	0

Note: The 30th calendar day computation includes the listing day. If the 30th calendar day is a trading holiday, the next trading day is considered for the computation.

Track record of past issues handled by SBICAP Securities Limited (SBICAP)

For details regarding the track record of SBICAP, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of SBICAP, as set forth in the table below:

Sr. No	Name of the Manager	Website
1.	SBI Capital Markets Limited	http://www.sbicaps.com/Main/TrackRecordEquity.aspx



FINANCIAL STATEMENTS

Sr. No	Particulars
1.	Auditor's Report for Consolidated Financial Statements of Financial Year 2013
2.	Audited Consolidated Financial Statements of Financial Year 2013
3.	Auditor's Report for Consolidated Financial Statements of Financial Year 2012
4.	Audited Consolidated Financial Statements of Financial Year 2012

NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

I. Principles of consolidation:

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

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

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

II. Fixed Assets:

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

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 Tippers.	The Company follows the provisions of the Electricity Act 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.



ii)	Residential Buildings - II & III Class	At rates prescribed by Department of Public Enterprises.
iii)	Buildings : Non-residential Buildings Roads Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC &SWC pipes and Civil construction machinery. Furniture and Equipments used in welfare centres other than Typewriter and Duplicators.	At technically assessed rates
iv)	Specialised Mining Equipments : Commissioned on or after 31-08-2007	At the rate approved under section 205(2)(d) of the Companies Act, 1956
v)	Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

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

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

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

6. Machinery Spares:

Initial spares purchased along with Fixed Assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the



fixed assets costing Rs.50 lakhs 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 utilized, the carrying cost is fully charged as depreciation in the year of utilization.

IV. Intangible Assets:

a) Computer Software:

Application Software acquired for an amount more than Rs.10 lakhs are capitalized as intangible assets and amortized over a period of 5 years.

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

c) Research & Development (Internally generated Projects):

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

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

V. Mine Closure Expenditure :

Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

VI. Prepaid expenses:

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

VII. Investments:

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



VIII. Preliminary Project Expenditure :

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

IX. Accounting for Grants:

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

X. Reserves and Surplus: **Interest Differential Reserve:**

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

XI. Employee Benefits:

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



- i. Short term employee benefits such as wages, salaries, incentives, short term EL and HPL are fully provided for.
- ii. Long term employee benefits such as EL and HPL are provided for as per Department of Public Enterprises Guideline and actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust and Superannuation Fund Trust are recognized in Profit & Loss Account on the basis of actual liability.

XII. Allocation of Common Charges / Social Overhead Expenses:

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

XIII. Prior Period and Extra-Ordinary Items:

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

XIV. Significant events occurring after the Balance Sheet date:

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

XV. Revenue Recognition:

- a) Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted



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

- b) Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realization as the case may be.
- c) Cash discounts for prompt payments are accounted as and when the related dues are settled.

XVI. Foreign Exchange Transactions:

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

XVII. Accounting for Taxes on Income

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

XVIII. Borrowing Cost:

Borrowing costs (net of interest earned on temporary investments) specially attributable to the qualifying fixed assets are capitalized along with the cost of such assets and in general, weighted average interest cost is capitalized to the qualifying



assets. Other borrowing costs are recognized as expenses in the period in which they are incurred.

XIX. Construction Projects:

1. Capitalisation and Depreciation Provision :

A. Specialised Mining Equipments:

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

B. Power Generation Unit:

Test and trial production for Thermal Power Generation unit commences from the date of synchronisation and goes up to the date of commercial commissioning. Provisional take over date of the unit 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 capitalized and the power sale revenue earned during that period is abated to the capital cost of the project.

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



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NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
BALANCE SHEET AS AT 31ST MARCH, 2013.

₹ IN CRORE

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	1677.71	1677.71
b) Reserves and Surplus	2	11272.48	10362.05
Minority Interest		131.07	70.00
(2) Non - Current Liabilities			
a) Long -Term borrowings	3	5891.61	5361.03
b) Deferred tax liability - Net	4	855.44	614.15
c) Other Long term liabilities	5	604.54	450.70
(3) Current Liabilities			
a) Trade Payables	6	600.11	718.21
b) Other current liabilities	7	1628.44	1482.10
c) Short-term provisions	8	555.79	798.49
TOTAL		<u>23217.19</u>	<u>21534.44</u>
II. ASSETS			
(1) Non -Current Assets			
a) Fixed Assets			
(i) Tangible assets	9	5881.05	5953.82
(ii) Intangible assets	10	821.54	850.68
(iii) Capital Work-In-Progress	11	7696.55	5892.60
(iv) Intangible assets under development	12	<u>34.78</u>	<u>39.35</u>
b) Non-current investments	13	206.38	309.58
c) Long - term loans and advances	14	249.17	294.19
d) Other Non-current assets	15	<u>13.07</u>	<u>23.83</u>
Carried Forward		14902.54	13364.05



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

BALANCE SHEET AS AT 31ST MARCH, 2013 (Contd.)

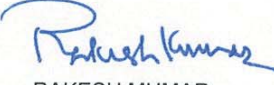
₹ IN CRORE

Particulars	Note No	As at 31st March 2013	As at 31st March 2012
Brought Forward		14902.54	13364.05
2) CURRENT ASSETS			
a) Current Investments	16	103.20	103.20
b) Inventories	17	683.72	506.19
c) Trade receivables	18	3800.27	3647.03
d) Cash and Bank balances	19	2876.13	3347.08
e) Short - term loans and advances	20	688.87	390.88
f) Other current assets	21	162.46	176.01
TOTAL		23217.19	21534.44

Notes to the Financial statement and the Significant Accounting Policies annexed form an integral part of the Balance sheet.

For and on behalf of the Board


K. VISWANATH
COMPANY SECRETARY


RAKESH MUMAR
DIRECTOR (FINANCE)


B. SURENDERMOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR

Place : CHENNAI

Date : 28-05-2013

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

For M/S L.U. KRISHNAN & CO
Chartered Accountants
FIRM REGN.NO:001527S

For M/S SREEDHAR, SURESH & RAJAGOPALAN
Chartered Accountants
FIRM REGN.NO:03957S


S. Jothirajan
Partner
M.NO:211121




K. Sreedhar
Partner
M.NO:024314



Place : CHENNAI

Date : 28-05-2013

NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013.

₹ IN CRORE

Particulars	Note No	For the Year ended 31st March 2013	For the Year ended 31st March 2012
I. Revenue from operations	24	5590.07	4866.85
II. Other income	25	582.95	748.36
III. Total Revenue (I +II)		6173.02	5615.21
IV. Expenses:			
Increase (-) / Decrease in stock	26	-72.18	-2.88
Employee benefits expense	27	1952.42	1698.20
Finance Cost	28	193.39	149.54
Depreciation and amortisation expenses	29	512.31	430.18
Other Expenses	30	1688.99	1475.03
Prior Period Adjustments(Net)	31	35.55	-2.56
		4310.48	3747.51
Less: Expenses Capitalised	32	21.78	38.04
Total expenses		4288.70	3709.47
V. Profit before exceptional and extraordinary items and tax (III - IV)		1884.32	1905.74



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013.

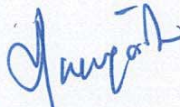
₹ IN CRORE


Particulars	Note No	For the Year ended 31st March 2013	For the Year ended 31st March 2012
V. Profit before exceptional and extraordinary items and tax (III - IV)		1884.32	1905.74
VI. Exceptional items	33	161.34	78.15
VII. Profit before Extraordinary Items and tax (V+VI)		2045.66	1983.89
VIII Extraordinary Item		0.00	0.00
IX. Profit before tax (VII+ VIII)		2045.66	1983.89
X. i) Tax Expense:			
For current year	340.00	496.00	
For previous year	6.61	41.79	
ii) Deferred tax			
For current year	305.97	66.21	
For previous year	-64.68	587.90	-31.44
XI. Profit for the period from continuing operation (IX-X)		1457.76	1411.33
XII. Profit for the period		1457.76	1411.33
XIII. Earning Per Share			
1) Basic and Diluted	34	8.69	8.41

There is no discontinued operation.

The notes to the Financial statement and significant accounting policies annexed form an integral part of Profit and loss statement.

For and on behalf of the Board


 K. VISWANATH
 COMPANY SECRETARY


 RAKESH KUMAR
 DIRECTOR (FINANCE)


 B. SURENDER MOHAN
 CHAIRMAN-CUM-MANAGING DIRECTOR

Place: CHENNAI
 Date: 28-05-2013

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

For M/s. L.U.KRISHNAN & CO,
 Chartered Accountants
 FIRM REGN.NO:001527S

For M/S SREEDHAR, SURESH & RAJAGOPALAN
 Chartered Accountants
 FIRM REGN.NO: 03957S


 S.Jothirajan
 Partner
 M.NO:211121




 K.Sreedhar
 Partner
 M.NO:024314



Place: CHENNAI
 Date: 28-05-2013

NEYVELI LIGNITE CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013
Consolidated

₹ in crore

	For the Year ended 31st March 2013	For the Year ended 31st March 2012
A.CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	2045.66	1983.89
Adjustments for :		
Less:		
Profit on Disposal of Asset	4.26	5.80
Interest Income	494.87	611.46
	<u>499.13</u>	<u>617.26</u>
Add:		
Depreciation including prior period	519.03	430.18
Advance OB removal charge off	13.82	20.73
Other non cash charges	-52.16	46.58
Interest charged to P&L A/c	193.39	149.54
	<u>674.08</u>	<u>29.77</u>
Operating Profit before working capital changes	2220.61	2013.66
Adjustments for :		
Trade and other receivables :		
Sundry Debtors	-153.25	-1443.86
Loans & Advances	-130.41	15.07
Inventories & other current assets	-173.82	-14.93
Trade Payables	36.62	-119.86
Cash Flow generated from Operations	1799.75	450.08
Direct Taxes paid	-539.79	-478.10
Cash Flow Before Exordinary Items & P.P.T	1259.96	-28.02
Grants received	2.36	1.02
Net Cash from operating activities	<u>1262.32</u>	<u>-27.00</u>
B.Cash-flow from investing activities:		
Purchase of Fixed Assets/ Preliminary expenses	-1792.19	-1512.02
Sale of Fixed Assets/Projects		
From continuing operations	29.45	9.39
Sale/Purchase of Investments	103.20	103.20
Interest Received	495.71	632.7
Net Cash used in investing activities	<u>-1163.83</u>	<u>-766.73</u>

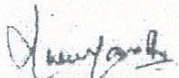


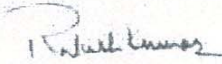
C. Cash flow from financing activities-		
Long Term Borrowings (Net)	655.96	644.14
Interest paid	546.83	493.93
Share Capital purchased	62.05	15.00
Dividend (including Dividend Tax)	740.62	448.4
Net Cash used/received in financing activities	569.44	280.19
Net increase/decrease(-) Cash and Cash equivalents	470.95	1076.92
Cash and cash equivalents as at the beginning of the year	3347.08	4424.00
Cash and cash equivalents as at the end of the year	2876.13	3347.08

NOTE: (-) INDICATES CASH OUTFLOW

DETAILS OF CASH AND CASH EQUIVALENTS	AS AT	AS AT
	31ST MAR 2013	31ST MAR 2012
CASH IN HAND	0.01	6.57
CASH AT BANK IN CURRENT ACCOUNT	529.43	31.85
CASH AT BANK IN DEPOSIT ACCOUNT	2346.69	2309.25
TOTAL	2876.13	3347.08

For and on behalf of the Board


K VISWANATH
COMPANY SECRETARY


RAKESH KUMAR
DIRECTOR (FINANCE)


B SURENDERMOHAN
CHAIRMAN - CUM - MANAGING DIRECTOR

Place: Chennai,
Date: 05/05/2013

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

For M/s L U KRISHNAN & CO
Chartered Accountants
FIRM REGN NO 001527S

For M/S SREEDHAR SURESH & RAJAGOPALAN
Chartered Accountants
FIRM REGN NO 03967S


S. Jothirajan


K Sreedhar
SREEDHAR SURESH & RAJAGOPALAN
CHARTERED ACCOUNTANTS
FIRM REGN NO 03967S
CHENNAI-20

Place: Chennai,
Date: 05/05/2013



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
Notes to the Financial Statement

SL NO	Particulars	₹ in crore		
1	Share Capital	As at		As at
		31st March 2013		31st March 2012
a	Authorised			
	2000000000 Equity Shares of Rs.10 each	2000.00		2000.00
b	Issued, Subscribed and Paid Up			
	1677709600 Equity shares of Rs.10 each fully paid	1677.71		1677.71
c	1569639900 (previous year 1569639900) Equity Shares being 93.56% (previous year 93.56%) held by the President of India.			
d	No new shares were issued during the current year and previous year. Hence there is no change in number of shares outstanding as at the beginning and as at the end of the years.			
2	Reserves and Surplus	As at		As at
		01-04-2012	Additions	31-03-2013
a	Capital reserve (capital grants)			
	i) USTDA Grant	1.51	0.00	1.51
	ii) Fly Ash Housing Grant	0.02	0.00	0.02
	iii) Plant Renovation Grant	0.14	0.00	0.14
	iv) Safety Investigation System	0.70	0.00	0.70
b	Profit and Loss Account	9176.24	1477.97	9905.96
	- Share of interest in Joint Venture	-0.08	0.00	-0.08
c	KfW Interest Differential Reserve:	251.52	34.94	267.23
d	General Reserve	872.00	150.00	1022.00
e	Bond redemption reserve	60.00	15.00	75.00
	Total	10362.05	1677.91	11272.48
3	Long -term borrowings	As at		As at
		31st March 2013		31st March 2012
a	Secured			
	(i) Neyveli Bonds - 2009	600.00		600.00
	(ii) Term Loans from Banks			
	Canara Bank Consortium Loan	1900.00		2182.50
	State Bank of India Loan	100.00		100.00
	Bank of Baroda Consortium Loan	2375.00		1938.90
	Bank of India Consortium Loan	390.00		0.00
b	Unsecured			
	Foreign Currency loan from KfW-Germany##			
	10.30 Million Euro (10.74 Million Euro) - I	68.62		70.42
	68.66 Million Euro (71.46 Million Euro) - II	457.99		469.21
	Total	5891.61		5361.03
c	Neyveli Bonds 6000,8.83%10 Years, Secured, Redeemable, Taxable Non-convertible Bonds in the nature as Debentures of ₹.10 lakhs each secured by way of pari passu charge on the present and future fixed assets of Mine II Expansion Project, TS II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23-01-2019.(without Put or Call Option).			
d	The Rupee Term Loan of ₹.3750 crore from Canara Bank consortium is secured by pari passu charge on project fixed assets financed and repayable in Twenty equal bi- annual installment commenced from 23-02-2010, ending on August 2019.			
e	The Rupee Term Loan of ₹.2500 crore from State Bank of India is secured by pari passu charge on project fixed assets financed. The repayment would be made in 42 equated quarterly installments, starting from 30th September 2016, ending on December 2026			
f	The term loan of ₹.2500 crore from Bank of Baroda consortium is secured by a pari passu charge on project of the subsidiary financed. The Repayment of loan is in twenty (20) equal half yearly consecutive instalments starting from November-2013.			
g	The Bank of India Consortium loan repayment in twenty equal half yearly consecutive instalments starting from August 2015.			
h	Bi- annual equal repayment(0.44 Million euro) of Foreign Currency loan - I from KfW Germany, commenced from 30-12-2001 ending on 30-06-2036.			
i	Bi-annual equal repayment(2.80 Million euro) of Foreign Currency loan -II from KfW Germany, commenced from 30-06-2002, ending on 30-06-2037.			
	## Guaranteed by the Government of India.			
4	Deferred tax Liabilities - Net	As at		As at
		31st March 2013		31st March 2012
a	Deferred tax liability: Related to Depreciation	992.08		825.72
b	Deferred tax Asset: Provisions, etc.	136.64		211.57
	Deferred tax Liability (Net)	855.44		614.15
5	Other Long term Liabilities	As at		As at
		31st March 2013		31st March 2012
	Capital purchase, capital works in progress	221.45		198.85
	Others - Liability towards Retention Money	383.09		251.85
		604.54		450.70



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
		As at 31st March 2013	As at 31st March 2012
6	Trade payable		
a	Sundry creditors	277.89	259.81
	-Share of interest in Joint Venture	0.00	0.02
b	Others	322.22	458.38
	Total	600.11	718.21

c Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year ₹.11.79 crore (previous year ₹.7.33 crore)

d Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act ₹. 0.15 crore. (previous year ₹.0.33 crore)

7	Other Current Liabilities	As at 31st March 2013	As at 31st March 2012
a	Current maturities of long term debt		
	(i) Loan from Banks - Canara Bank Consortium	375.00	375.00
	(ii) Foreign Currency loan from KfW -3.24 Million Euro	22.53	22.15
	(iii) Loan from Banks - Bank of Baroda	125.00	0.00
b	Interest Accrued but not due on borrowing		
	(i) Neyveli Bonds	9.87	9.99
	(ii) KfW	1.03	1.05
	(iv) Others Interest Accrued	0.00	0.01
c	Unclaimed Dividend	1.27	0.93
d	Unutilised revenue grant	6.99	4.78
e	Staff security deposit	0.01	0.01
f	Other Liabilities	1086.36	1067.87
	-Share of interest in Joint Venture	0.38	0.31
	Total	1628.44	1482.10

Other liabilities includes LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits and the amount payable to the Parent company and the Joint Venture Company.

8	Short Term Provisions	As at 31st March 2013	As at 31st March 2012
a	Accrued earned leave	90.66	120.68
b	Half pay leave	0.00	54.36
c	Short term benefit of earned leave	5.58	10.69
d	Short term benefit of half pay leave	3.73	4.21
e	Post retirement medical benefit	17.21	14.98
f	Provision for Loss on assets	0.41	1.00
g	Proposed final Dividend	301.99	469.76
h	Proposed final dividend tax	51.33	76.21
i	Contingencies	84.88	46.60
	Total	555.79	798.49

j Actuarial Valuation Liability in respect of long term employee benefits EL and HPL amounting to ₹.293.96 has been partly funded with SBI Life Insurance Corporation. Balance Liability had been provided.

k Scheme of encashment of half pay leave at the time of superannuation has been realigned in line with the Department of Public Enterprises guideline. Accordingly excess provision amounting to ₹ 66.47 crore made in earlier years has been withdrawn and shown under exceptional item vide Note No: 34/ 33



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SI.No Particulars ₹ in crore

9	Tangible Assets	Description	Gross Cost			Depreciation			Net Value		
			As at 31/03/2012	Additions Transfers	Disposals/ Trans./Adjlt.	As at 31/03/2013	As at 31/03/2012	Withdrawals/ Trans./Adjlt.	For the Year	As at 31/03/2013	As at 31/03/2012
a	Land ***		420.59	21.09	0.00	441.68	0.00	0.00	0.00	441.68	420.59
b	Lease hold land		50.29	0.00	0.00	50.29	7.82	0.00	1.68	40.79	42.47
	- Share of interest in Joint Venture		3.99	0.00	0.00	3.99	0.08	0.00	0.12	3.79	3.91
c	Roads		56.13	8.76	1.01	63.88	12.86	0.58	1.57	50.03	43.27
d	Buildings ++		330.98	36.70	17.05	350.63	120.33	7.82	8.36	229.76	210.65
e	Elec.Installations		335.26	20.23	7.19	348.30	136.80	0.01	11.07	200.44	198.46
f	Water Supply & Drainage		141.93	8.38	0.14	150.17	74.47	0.12	11.69	64.13	67.46
g	Plant & Machinery *		11547.22	341.61	30.64	11858.19	6647.80	22.40	446.71	4786.08	4899.42
h	Furniture & Equipments		68.56	6.30	3.18	71.68	42.51	2.03	3.14	28.06	26.05
	- Share of interest in Joint Venture		0.02	0.00	0.00	0.02	0.01	0.00	0.00	0.01	0.01
i	Vehicles		91.11	1.44	0.80	91.75	49.55	0.75	6.67	36.28	41.56
j	Assets Costing Rs.5000 and below		6.00	0.25	0.07	6.18	6.00	0.07	0.25	0.00	0.00
	Total		13052.08	444.76	60.08	13436.76 #	7098.23	33.78	491.26	5881.05	5953.83
	Previous Year		12748.48	371.48	67.89	13052.07	6755.71	63.59	406.12	7098.24	5992.75

* Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects and Insurance spares.

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

Includes Assets non commissioned amounting to ₹. Nil (Previous year ₹.17.29 crore).

*** Pending High Court decision, the additional land compensation of ₹.0.58 crore (Previous year ₹. 0.89 crore) deposited with Court has not been capitalised.

There is no impairment loss identified for the assets.

10 Intangible Assets

a	b	Description	Gross Cost			Depreciation			Net Value		
			As at 31/03/2012	Additions Transfers	Disposals/ Trans./Adjlt.	As at 31/03/2013	As at 31/03/2012	Withdrawals/ Trans./Adjlt.	For the Year	As at 31/03/2013	As at 31/03/2012
		Software	9.35	0.46	0.00	9.81	7.27	0.00	1.13	8.40	2.08
		Mine Development									
		Mine-I	464.33	0.00	0.00	464.33	205.94	0.00	12.36 @	218.30	258.39
		Mine-IA	127.49	0.01	0.00	127.50	26.91	0.00	2.94 @	29.85	100.58
		Mine-II	467.02	3.72	0.00	470.74	98.20	0.00	13.69 @	111.89	368.82
		Barsingar Mine	123.87	-0.01	0.00	123.86	3.06	0.00	3.20 @	6.26	120.81
		Total	1192.06	4.18	0.00	1196.24	341.38	0.00	33.32	374.70	850.68
		Previous Year	1169.79	22.27	0.00	1192.06	311.16	0.00	30.22	341.38	858.63

@ Represents provisions for amortisation

There is no impairment loss identified for the assets.



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement		₹ in crore	
SLNO	Particulars	As at 31st March 2013	As at 31st March 2012
11	Capital Work-in-Progress		
a	Plan Expenditure		
i)	TPS II Expansion		
	Supply and Erection	1992.79	1986.79
	Capital Goods in Stock	0.00	2.80
	Expenditure during Construction	218.97	145.31
	Interest during Construction	564.47	454.39
		2776.23	2589.29
ii)	Barsingsar Mines and Thermal		
	Supply and Erection	0.06	4.28
	Capital Goods in Stock	0.03	0.03
		0.09	4.31
iii)	Mine II Expansion		
	Supply and Erection	43.59	73.78
	Capital Goods in Stock	22.28	22.06
		65.87	95.84
iv)	NLC Tamil Nadu Power Ltd.		
	Supply and Erection	4018.70	2693.30
	Capital Goods in Stock	0.00	32.01
	Expenditure during Construction	557.54	47.95
	Interest during Construction	0.00	243.82
		4576.24	3017.08
v)	Neyveli New Thermal Plant		
	Supply and Erection	17.59	14.60
	Expenditure during Construction	6.10	0.00
	Interest during Construction	1.82	0.00
		25.51	14.60
b	Non- Plan Expenditure		
	Supply and Erection	220.30	82.73
	Capital Goods in Stock	31.09	10.79
	Capital Goods in Transit	1.22	77.96
		252.61	171.48
	Total	7696.55	5892.60
c	Thermal -II expansion project consist of two units of 250 MW each. Unit -I of the plant was lighted up on 28-02-2011 and synchronised on 18-05-2011. The operation during the trial run could not be sustained due to technical problem / under performance of lignite extraction and transport feeder, refractory and coil supporting arrangement in Fluidized Bed Heat Exchanger (FBHE). Action are being taken to commission the unit at the earliest. Interest during construction and other expenses incurred are being capitalised in line with accounting policy of the company.		
12	Intangible Assets under Development	As at 31st March 2013	As at 31st March 2012
a	Preliminary Project Expenditure	62.98	67.72
	- Share of interest in Joint Venture	2.88	2.85
		65.86	70.57
	Less: provisions	31.08	31.22
		34.78	39.35
13	Non-Current Investments	As at 31st March 2013	As at 31st March 2012
a	8.5% tax free SLR Power Bonds issued by State Governments. (Unquoted)	206.38	309.58
14	Long term Loans and Advances	As at 31st March 2013	As at 31st March 2012
a	Loans and Advances Staff (Secured)	100.46	65.83
b	Capital Advances (Unsecured considered good)	148.71	228.36
	Total	249.17	294.19



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

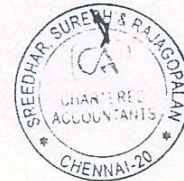
SLNO	Particulars	₹ in crore	
		As at	As at
		31st March 2013	31st March 2012
15	Other Non - Current Assets		
	Unsecured considered good	13.07	23.83
16	Current Investments		
	a 8.5% tax free SLR Power Bonds issued by State Governments. (Unquoted)	103.20	103.20
17	Inventories		
	(As certified by the Management)		
	a Raw Materials	129.61	57.43
	b Stores and Spares	479.96	428.89
	c Goods-in-transit	77.33	27.91
		<u>557.29</u>	<u>456.80</u>
	Less: Provision	5.84	9.55
	d Solid/Hollow/Fly Ash Bricks	2.66	1.51
	Total	<u>683.72</u>	<u>506.19</u>
	e Inventory valuation - Value of Inventory at the lower of cost and net realisable value		
	(i) Lignite - At absorption cost excluding share of common charges and social overhead.		
	(ii) Stores & Spares procured - At weighted average acquisition cost.		
	(iii) Fly ash bricks - At absorption cost.		
	(iv) Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
	f Stocks of stores,spares,raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.		
18	Trade receivables		
	a Unsecured		
	Considered Good		
	More than six months	2110.54	1068.74
	Others	1689.73	2578.29
	Considered Doubtful	2.10	2.09
		<u>3802.37</u>	<u>3649.12</u>
	Less: Provision for Doubtful Debts	2.10	2.09
	Total	<u>3800.27</u>	<u>3647.03</u>
19	Cash and Bank Balance		
	Cash & cash equivalents		
	a Balances with Scheduled Banks in Current A/c	523.49	37.64
	- Share of interest in Joint Venture	5.94	0.01
	b Cash on hand	0.01	0.17
	c Unpaid Dividend A/c	1.27	0.93
	d Fixed Deposits		
	(i) Short term Deposit	2318.23	3275.20
	- Share of interest in Joint Venture	0.00	5.94
	(ii) Staff Security Deposit	0.01	0.01
	(iii) Endowment fund in the name of NLC schools	0.18	0.18
	(iv) Short term Deposits for lien for guarantee	27.00	27.00
	Total	<u>2876.13</u>	<u>3347.08</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

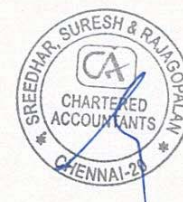
SLNO	Particulars	₹ in crore	
		As at 31st March 2013	As at 31st March 2012
20	Short term loans and advances		
	(Recoverable in cash or in kind or for value to be received)		
a	Unsecured		
	(i) Considered good	243.89	139.27
	- Share of interest in Joint Venture	0.22	0.01
	(ii) Considered doubtful	2.68	2.14
		246.79	141.42
	Less: Provision for doubtful advances	2.68	2.14
		244.11	139.28
b	Advance Income tax	1800.77	1323.95
	Less : Provision for taxation	1356.05	1072.41
c	Deposit with Central Excise, Port Trust and Customs authorities	0.04	0.06
		688.87	390.88
d	(i) Due by officers	-	-
	(ii) Maximum amount due at any time during the year	-	-
e	(i) Due by Directors	-	-
	(ii) Maximum amount due at any time during the year	-	-
21	Other Current Assets		
a	Interest accrued	154.91	155.75
	- Share of interest in Joint Venture	0.22	0.22
b	Disposable/Dismantled assets, Spares	1.09	0.85
	Less: Provision for impairment of assets	0.68	0.36
c	Prepaid Expenses	6.04	4.33
d	Advance Overburden removal expenditure	0.00	13.82
e	Asset not in the Books of Accounts (Net of charge)	0.88	1.40
	Total	162.46	176.01
22	Contingencies and Commitments		
a	Contingent Liability exists in respect of:		
	(i) Guarantees issued by company	26.45	21.98
b	Claims against the Corporation not acknowledged as debts:		
	(i) From employees / others	0.22	0.22
	(ii) From suppliers / contractors	1640.56	1721.04
	(iii) Statutory authorities	91.49	19.34
	(iv) Disputed amount of Income tax	458.45	280.97
c	(i) Estimated value of contracts remaining to be executed on capital accounts not provided for	2310.94	2780.81
	(ii) Commitment for the acquisition of lands	59.86	44.89
23	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of sundry debtors, advances and amounts due to creditors are subject to confirmation.		



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
24	Revenue from Operations	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a	Power	5069.49	4476.23
b	Lignite	514.54	462.88
c	Miscellaneous	19.26	13.75
		<u>5603.29</u>	<u>4952.86</u>
	Less: Excise duty	10.36	4.62
		<u>5592.93</u>	<u>4948.24</u>
	Less: Transfer to Capital Expenditure Accounts	2.86	81.39
		<u>5590.07</u>	<u>4866.85</u>
	d Pending determination of final power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the provisional order issued by the CERC in respect of Barsingsar Thermal Power Station.		
	e Revision in capacity charges of power tariff and transfer price of lignite(in accordance with Ministry of Coal (MOC) guidelines) for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission(CERC).		
	f Pending receipt of order from CERC reduction in power sales of Rs.17.78 crore on account of deemed export benefit granted by Govt. of India has not been given effect.		
25	Other Income	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a	Interest		
	(i) Bank Deposit	298.89	392.22
	(ii) Employees	6.71	14.68
	(iii) Long term investments	32.89	41.67
	(iv) Others	156.38	162.89
b	Recoveries		
	(i) Rent	10.24	7.97
	(ii) Others	0.41	0.48
c	Handling charges recovered	0.00	0.12
d	Profit on Sale of assets	4.26	5.80
e	Provision written back	6.02	23.46
f	Miscellaneous	83.23	108.56
		<u>599.03</u>	<u>757.85</u>
	Less: Transfer to Capital Expenditure Accounts	16.08	9.49
		<u>582.95</u>	<u>748.36</u>
	g As per the accounting policy of the Corporation, surcharges recoverable from Electricity Boards on the belated settlement of the power bill, amounting to ₹.230.35 crore (previous year ₹.64.66 crore) has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.		



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
		For the Year ended 31st March 2013	For the Year ended 31st March 2012
26	Increase(-) / Decrease in Stock		
a	OPENING STOCK		
	Raw Material		
	Lignite	57.43	54.55
		<u>57.43</u>	<u>54.55</u>
b	CLOSING STOCK		
	Raw Material		
	Lignite	129.61	57.43
		<u>129.61</u>	<u>57.43</u>
	Increase (-)/Decrease in Stock	<u>-72.18</u>	<u>-2.88</u>
27	Employee Benefits Expenses	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a	Salaries, Wages and Incentives	1653.26	1426.79
b	Contribution to Provident and other funds	230.27	223.46
c	Gratuity	42.63	58.56
d	Welfare expenses	88.41	76.33
		<u>2014.57</u>	<u>1785.14</u>
	Less: Transfer to Capital Expenditure Accounts	<u>62.15</u>	<u>86.94</u>
		<u>1952.42</u>	<u>1698.20</u>
e	Pending pay revision settlement provision of ₹.139.70 crore has been made towards arrears of salaries and other benefits revision in respect of Non - executives.		
e	Disclosure under Accounting Standard 15 on Employee benefits:	For the Year ended 31st March 2013	For the Year ended 31st March 2012
1.	Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	(i) The actuarial gain or losses will be recognised in the year of occurrence.		
	(ii) The LIC Group gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year-end.		
	(iii) The amounts recognised in the balance sheet are as follows:		
	Present Value of funded obligations	737.48	676.91
	Fair value of Plan assets	737.48	676.91
	Unrecognised past service cost	0.00	0.00
	Net liability in the Balance Sheet	0.00	0.00
	(iv) The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	18.02	18.14
	Interest on obligation	54.15	48.32
	Expected return on plan assets	-61.42	-55.99
	Net actuarial losses (gains) recognised in the year	29.51	34.34
	Total included in Employee benefit expense	40.26	44.80
	Actual return on plan assets	61.42	55.98



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
		For the Year ended 31st March 2013	For the Year ended 31st March 2012
	(v) Changes in the present value of the defined benefit obligation		
	Opening defined benefit obligation	676.91	603.99
	Service cost	18.02	18.14
	Interest cost	54.15	48.32
	Actuarial losses (gains)	29.51	34.34
	Benefits paid	-41.11	-27.88
	Closing defined benefit obligation	737.48	676.91
	(vi) Changes in the fair value of plan assets.		
	Opening fair value of plan assets	676.91	603.99
	Expected return	61.42	55.99
	Actuarial gains and (losses)	0.00	0.00
	Contributions by employer	40.26	44.80
	Benefits paid	-41.11	-27.88
	Closing fair value of plan assets	737.48	676.91
	(vii) Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discounted rate per annum	8.00	8.00
	Expected return per annum on plan assets	8.00	8.00
	Salary Escalation per annum	5.00	5.00
	Retirement Age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	1-3%
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:		
	(i) Amount recognised in the profit and loss account as premium paid to the Insurance Company.	16.56	6.73
	(ii) Liability Provided for the fixed Medical Assistance	7.08	9.90
28	Finance Cost	For the Year ended 31st March 2013	For the Year ended 31st March 2012
	a Interest Expenses		
	Fixed loans		
	Unsecured loans - Kfw -foreign currency loan	4.37	4.29
	Unsecured loans - Credit Agricole Corporate Investment Bank -foreign currency loan	0.00	7.47
	Secured loans-NLC Bonds	52.86	53.10
	Loan from Banks	481.77	402.27
	Others	0.94	14.87
	Guarantee Fees Kfw loan	6.74	6.48
		<u>546.68</u>	<u>488.48</u>
	Less: Transfer to Capital Expenditure Accounts	<u>353.29</u>	<u>338.94</u>
		<u>193.39</u>	<u>149.54</u>
	b Borrowing cost capitalised during the year	For the Year ended 31st March 2013	For the Year ended 31st March 2012
	(i) Interest and commitment charges	353.29	338.94



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
29	Depreciation and Amortisation Expenses	For the Year ended 31st March 2013	For the Year ended 31st March 2012
a	Fixed Assets	485.44	407.29
b	Mine Development and other amortisations	32.18	28.98
		<u>517.62</u>	<u>436.27</u>
	Less: Transfer to Capital Expenditure Accounts	5.16	5.91
	Transfer from Grants	0.15	0.18
		<u>512.31</u>	<u>430.18</u>
30	Other Expenses	For the Year ended 31st March 2013	For the Year ended 31st March 2012
	Consumption of stores and spares	543.93	502.12
	Fuel	72.29	96.15
	Mine closure	19.80	18.87
	Advance Over Burdern removal charge off	13.82	20.73
	Excise duty	58.16	28.98
	Rent	0.56	0.51
	Rates and taxes		
	Electricity tax	1.45	1.28
	Clean energy cess	128.46	122.36
	Others	3.08	2.51
	Power charges	8.85	5.68
	Water charges	0.82	1.09
	Wealth Tax	0.22	0.26
	Repairs and Maintenance		
	Plant and Machinery	137.59	112.87
	Buildings	8.62	8.70
	Others	209.31	178.66
	Overburden Removal Expenditure	83.25	44.85
	Insurance	5.03	4.82
	Payments to auditors		
	Audit fees	0.16	0.16
	Tax Audit fees	0.08	0.08
	Other Certification Fees	0.15	0.08
	Reimbursement of expenses	0.08	0.03
	Traveling expenses	16.05	13.46
	Training expenses	3.68	2.92
	Incorporation Expenses	2.00	0.00
	Family Welfare expenses	3.63	3.02
	Selling expenses - Discounts	13.33	36.24
	Afforestation expenses	13.08	12.23
	Royalty	222.31	177.44
	Central Industrial Security Force expenses	67.10	66.20
	Corporate Social Responsibility expenses	14.34	14.09
	Miscellaneous expenses	58.75	64.64
	Loss on disposal of assets	0.79	2.03
	Fixed assets written off	0.08	0.06
	Provision for impairment of fixed assets	0.24	0.35
	Provision for Contingencies	18.01	10.02
	Provision for stores & materials	1.57	2.93
	Provision for Doubtful debts/advances	0.56	0.06
	Provision for Loss on Assets	0.00	0.14
	Provision for preliminary expenses	0.00	0.44
		<u>1731.23</u>	<u>1557.06</u>
	Less: Transfer to Capital Expenditure Accounts	42.20	80.86
	Transfer from Grant	0.04	1.17
		<u>1688.99</u>	<u>1475.03</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SL NO:	PARTICULARS	₹ in crore	
31	Prior Period adjustment (Net)	For the year ended 31st March 2013	For the year ended 31st March 2012
a	Sales	-6.42	0.00
b	Employee remuneration	32.63	0.00
c	Depreciation	6.72	0.00
d	Consumption of Stores and spares	2.62	0.00
e	CSR Expenses	0.00	-2.56
f	Rent	0.00	2.73
		<u>35.55</u>	<u>0.17</u>
	Less: Transfer to Capital Expenditure Accounts	0.00	2.73
	Prior Period adjustment (Net)	<u>35.55</u>	<u>-2.56</u>
	(-) Indicates Credit		
32	Expenses Capitalised	For the year ended 31st March 2013	For the year ended 31st March 2012
	Lignite Consumption during construction	4.08	22.30
	Power Consumption during construction	0.05	0.00
	Service Charges	9.41	9.30
	Land Acquisition Expenses	8.24	6.44
	Total	<u>21.78</u>	<u>38.04</u>
33	Exceptional items	For the year ended 31st March 2013	For the year ended 31st March 2012
a	Power Sales	142.66	-63.46
b	Mine closure Expenditure Liability reversal	-20.27	0.00
c	Lignite Sales	9.18	57.23
d	Interest - Income	16.07	161.21
e	Employee remuneration	66.47	-76.83
f	Cash Discount	-51.11	0.00
g	Other expenses	-1.66	0.00
	Total	<u>161.34</u>	<u>78.15</u>
	h Power sales includes previous period adjustment by way of reduction of ₹.12.83 crore towards secondary fuel price adjustment, ₹.9.15 crore for tariff adjustment in respect of Barsingsar Thermal Power station on receipt of provisional tariff order and ₹.43.40 crore towards income tax reimbursement claim refundable to Electricity Boards.		
	i Sale of power also includes ₹.139.05 crore amount receivable from Electricity Boards on account of increased capacity charges due to pay revision in earlier years. Further Sale of power and lignite includes ₹.68.99 crore and ₹.9.18 crore respectively, in respect of earlier years towards energy charges in power tariff and lignite sales on account of inclusion of Mine -II expansion expenditure in lignite price. Royalty expenditure and excise duty expenditure to the tune of ₹.1.66 crore has also been provided.		
	j Contingency provision of ₹.20.27crore has been provided in respect of earlier years towards possible reduction in the power tariff due to revision in lignite price to be considered by CERC.		
	k Cash discount of ₹.51.11 crore has been accounted on receipt of CERC order in respect of earlier years.		
	l Interest income of ₹.16.07 crore pertained to earlier years has been reckoned on receipt of order from CERC towards power tariff and discount.		
34	Earning Per Share	For the year ended 31st March 2013	For the year ended 31st March 2012
a	Profit after tax	1457.76	1411.33
b	Number of Shares	1677709600	1677709600
c	Face Value of Share	10.00	10.00
d	Earning Per Share - Basic and Diluted	Rs. 8.69	8.41



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SL NO:	PARTICULARS	₹ in crore			
35	The effect of Foreign exchange fluctuation:	For the year ended 31st March 2013	For the year ended 31st March 2012		
a	The amount of exchange rate difference debited/(credited) to the Profit & Loss Account	0.34	1.02		
b	The amount of exchange rate difference adjusted and debited/(credited) to the carrying amount of fixed assets & WIP	20.53	56.21		
36	Expenditure incurred on Research & Development:	For the year ended 31st March 2013	For the year ended 31st March 2012		
a	Capital Expenditure	1.03	0.75		
b	Revenue Expenditure	11.18	9.86		
37	Profit appropriation	For the year ended 31st March 2013	For the year ended 31st March 2012		
a	Surplus brought forward from previous year	9176.24	8488.96		
b	Profit after tax	1458.74	1411.33		
c	Transfer to/from Interest Differential Fund reserve	-15.71	-18.08		
d	Transfer to Bond Redemption Reserve	-15.00	-15.00		
e	Transfer to General Reserve	-150.00	-145.00		
f	Interim Dividend	-167.77	0.00		
g	Tax on Interim Dividend	-27.22	0.00		
h	Proposed Final Dividend	-301.99	-469.76		
i	Tax on Proposed Final Dividend	-51.33	-76.21		
j	Surplus carried to Balance Sheet	<u>9905.96</u>	<u>9176.24</u>		
k	It has been decided to create corpus fund for operating post retirement medical benefit assistance scheme for employee who have got separated from service prior to 1-1-2007. Necessary appropriation of fund and investment thereon shall be made in due course. However expenditure for the current year had incurred and included in the employee welfare expenses (Note no 27 d).				
38	Details of contingency provisions:	As at 01-04-2012	Addition	Withdrawal	As at 31-03-2013
a	Interest on disputed tax deducted at source	16.60	0.00	0.00	16.60
b	Power tariff adjustment	0.00	28.28	0.00	28.28
c	Provision for arbitration	30.00	10.00	0.00	40.00
	Total	<u>46.60</u>	<u>38.28</u>	<u>0.00</u>	<u>84.88</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SL NO:	PARTICULARS	₹ in crore															
39	<p>a Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below:</p> <p>(i) List of related parties:</p> <p>(a) Key Management Personnel:</p> <p>Shri. B.Surender Mohan - Chairman cum Managing Director (01-07-2012 onwards)</p> <p>Shri A.R. Ansari -Chairman cum Managing Director (upto 30-06-2012)</p> <p>Smt. Zohra chatterji</p> <p>Shri M.Sundara devan</p> <p>Shri N.S.Palaniappan</p> <p>Shri Vikram Kapur</p> <p>Shri.R.Kandasamy</p> <p>Shri. Sarat Kumar Acharya</p> <p>Shri Rakesh Kumar</p> <p>Shri Raja Gopal</p> <p>Shri J.Mahilselvan</p> <p>Shri. T. Jeyaseelan</p> <p>Shri.P. Soma Shekar Reddy</p> <p>Shri.Dheeraj Sahu</p> <p>Shri. S.K. Agrawal</p> <p>Shri.Sanjiv Mittal</p> <p>Shri. Alok Kumar</p> <p>(ii) Transactions during the year with related parties:</p> <p>1.Remuneration to Directors listed in (a) above: ₹.1.71 crore</p>																
40	<p>Disclosure in respect of the interests in Joint Venture as per Accounting standard -27 is furnished as under:</p> <p>a Company Name : M/s MNH Shakthi Limited</p> <p>b Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Orissa.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">For the year ended 31st March 2013</th> <th style="width: 20%; text-align: center;">For the year ended 31st March 2012</th> </tr> </thead> <tbody> <tr> <td>c Joint Venture / Interest :</td> <td></td> <td></td> </tr> <tr> <td>(i) M/s Mahanadi Coal fields Limited</td> <td style="text-align: center;">70%</td> <td style="text-align: center;">70%</td> </tr> <tr> <td>(ii) M/s Neyveli Lignite Corporation Limited</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>(iii) M/s Hindalco Industries Limited</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">15%</td> </tr> </tbody> </table>		For the year ended 31st March 2013	For the year ended 31st March 2012	c Joint Venture / Interest :			(i) M/s Mahanadi Coal fields Limited	70%	70%	(ii) M/s Neyveli Lignite Corporation Limited	15%	15%	(iii) M/s Hindalco Industries Limited	15%	15%	
	For the year ended 31st March 2013	For the year ended 31st March 2012															
c Joint Venture / Interest :																	
(i) M/s Mahanadi Coal fields Limited	70%	70%															
(ii) M/s Neyveli Lignite Corporation Limited	15%	15%															
(iii) M/s Hindalco Industries Limited	15%	15%															
41	<p>Figures of the previous year have been re-grouped wherever necessary.</p>																



NEVELI LIGNITE CORPORATION LIMITED, NEVELI
Notes to the Financial statement

42 Segmentwise Result For the Year 2012-13 (Consolidated)

	Lignite Mining				Power Generation				Inter segment Adjustment				Total		
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		
	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012	
REVENUE															
External Sales		505.04		458.26		5085.03		4408.59							4866.85
Inter-segment sales		3570.49		3238.35		297.64		288.66		3868.13		3527.01			4866.85
Total Revenue		4075.53		3696.61		5382.67		4697.25		3868.13		3527.01			4866.85
RESULT															
Segment Result		1122.49		960.85		632.99		559.36							1520.21
Other Income															82.06
Unallocated Corporate expenses.															219.15
Operating Profit															1618.39
Interest Expense															1441.26
Interest Income															193.39
Exceptional Items															494.87
Income taxes															161.34
Profit from Ordinary activities															587.90
Priorperiod / Income / Expenditure (Net)															1493.31
Net Profit															-35.55
OTHER INFORMATION															1457.76
Segment Assets		4696.36		4429.04		6858.40		6958.08							11554.75
Unallocated Corporate assets(Including Capital Work-in Progress)															11387.12
Total Assets															11662.44
Segment liabilities		808.73		821.76		600.36		640.37							23217.19
Unallocated Corporate liabilities															21534.44
Total liabilities															1409.09
Capital Expenditure		171.01		105.15		61.91		134.89							8726.84
Depreciation		244.17		267.78		248.12		148.80							10135.93
Non-cash expenses other than depreciation		0.24		0.36		28.31		0.09							232.92
															492.29
															28.56
															0.45

Note:

1. Since the business operation is within India the secondary disclosure does not arise
2. The inter-segment transfers are priced on cost plus profit basis.
3. Allocation of
 - i) storage charges on the basis of material drawal ,
 - ii) Common charges and social overhead on the basis of salaries & wages,
 - iii) Sales Orgn. Expenses on the basis of actual sales and
 - iv) Service Centres Assets & Liabilities are apportioned among the Segments on the basis of the service rendered.



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

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

INDEPENDENT AUDITORS'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
TO

THE BOARD OF DIRECTORS OF NEYVELI LIGNITE CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Neyveli Lignite Corporation Limited ("the Company") and its subsidiary and Joint Venture, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of



the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

We didn't audit the Financial statements of Subsidiary and Joint Venture, whose Financial Statements reflect Total Assets of Rs.4883.83 crore as on 31st March, 2013, Total revenue of Rs. Nil and Total cash flow amounting to Rs. (8.57) crore for the year ended on that date as considered in the consolidated financial statements. The Financial statements of Subsidiary and Joint Venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of Subsidiary and Joint Venture are based solely on the reports of the other auditors.

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

Opinion

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

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the consolidated Profit and Loss Account, of the profit for year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.



Emphasis of Matter

Attention is invited to:

- a. Note No:24(d) & (e) to the Consolidated Financial statements. Final adjustment will be made in the accounts on receipt of central Electricity Regulatory Commission (CERC) order on power tariff, which is not ascertainable at this stage.
- a) Note no:24(f) to the Consolidated Financial statements. Pending receipt of CERC order regarding reduction in power sales of Rs.17.78 crs. on account of deemed export benefit granted by Government of India has not been given effect.

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

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

S. Jothirajan
S.Jothirajan
Partner
M.No : 211121



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

K. Sreedhar
K.Sreedhar
Partner
M.No.024314



Place: Chennai

Date: 28.05.2013.

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

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

AUDITORS' REPORT ON CONSOLIDATED STATEMENTS

TO THE BOARD OF DIRECTORS OF NEYVELI LIGNITE CORPORATION LIMITED

1. We have audited the attached Consolidated Balance Sheet of **NEYVELI LIGNITE CORPORATION LIMITED**, ("the company") and its subsidiary and joint venture (collectively referred to as "Group"), as at 31st March, 2012, and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "the Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary and joint venture, whose financial statements reflect total assets of Rs. 3284.24 Crore as at 31st March 2012, total revenues of Rs. Nil and total cash flows amounting to Rs. 35.11 Crore for the year ended on that date as considered in the consolidated financial statements. The financial statements of subsidiary and joint venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint ventures are based solely on the reports of the other auditors.



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

5. Attention is invited to

a. note nos : 24(d)& (e) to the financial statements. Final adjustment will be made in the accounts on receipt of Central Electricity Regulatory Commission (CERC) order on power tariff, which is not ascertainable at this stage.

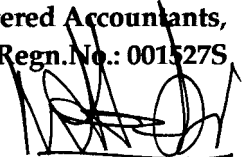
b. note no: 24(f) to the financial statement regarding inclusion of mineII expansion expenditure in determining the energy charges in power sale on commissioning of thermal power station II expansion. Pending determination of revised energy charges, consequential adjustments may arise in future which is not ascertainable at this stage.

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

- a) In the case of Balance Sheet, of the State of Affairs of the company as at 31st March 2012;
- b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

M/s. L.U.KRISHNAN & CO.

Chartered Accountants,
Firm Regn.No.: 001527S




R. Aghoramurthy,
Partner,
M.No : 007595

Place : Chennai,
Date : 28.05.2012.



M/s. SREEDHAR, SURESH & RAJAGOPALAN.

Chartered Accountants,
Firm Regn. No.: 003957S


V. Suresh,
Partner,
M.No : 026522


NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation:

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

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

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

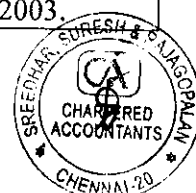
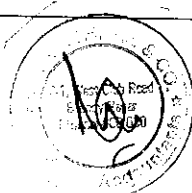
I. Fixed Assets:

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

II. Depreciation:

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

Description of Assets Covered	Basis
i) Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.



ii) Residential Buildings - II & III Class	At rates prescribed by Department of Public Enterprises.
iii) Buildings : Non-residential Buildings Roads Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC &SWC pipes and Civil construction machinery. Furniture and Equipments used in welfare centres other than Typewriter and Duplicators.	At technically assessed rates
iv) Specialised Mining Equipments : Commissioned on or after 31-08-2007	At the rate approved under section 205(2)(d) of the Companies Act, 1956
v) Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

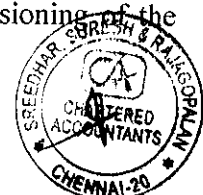
Rates under (ii) and (iii) above are followed so long as they are higher than the rates covered under base (v).

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

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

6. Machinery Spares:

Initial spares purchased along with Fixed Assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the



fixed assets costing Rs.50 lakhs 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 utilized, the carrying cost is fully charged as depreciation in the year of utilization.

III. Intangible Assets:

a) **Computer Software:**

Application Software acquired for an amount more than Rs.10 lakhs are capitalized as intangible assets and amortized over a period of 5 years.

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

c) **Research & Development (Internally generated Projects):**

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

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

IV . **Mine Closure Expenditure :**

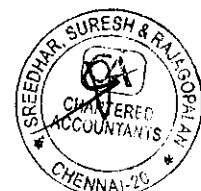
Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

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. Preliminary Project Expenditure :

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

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 utilized are accounted in Profit and Loss Account.

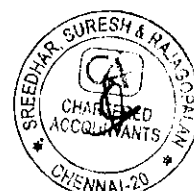
IX. Reserves and Surplus:

Interest Differential Reserve:

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

X. Employee Benefits:

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



- i. Short term employee benefits such as wages, salaries, incentives, short term EL and HPL are fully provided for.
- ii. Long term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognized in Profit & Loss Account on the basis of actual liability.

XI. Allocation of Common Charges / Social Overhead Expenses:

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

XII. Prior Period and Extra-Ordinary Items:

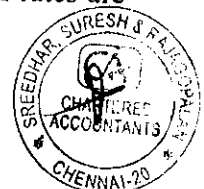
Prior Period and Extra-ordinary items are accounted in accordance with Accounting Standard-5. Transactions arising out of errors or omissions exceeding Rs. 1 crore in each case considered as material are accounted under Prior Period Transactions. Extraordinary items of value exceeding Rs.1 crore in each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

XIII. 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.

XIV. Revenue Recognition:

- a) Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act 2003. In case of power stations where the tariff rates are



yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.

- b) Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realization as the case may be.
- c) Cash discounts for prompt payments are accounted as and when the related dues are settled.

XV. Foreign Exchange Transactions:

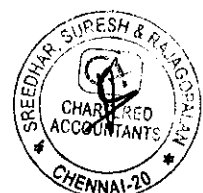
Exchange rate variations in foreign exchange transactions are accounted as per Accounting Standard-11 of Companies (Accounting Standards) Rules, 2006, and an option has been exercised to capitalize the exchange difference.

XVI. Accounting for Taxes on Income

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

XVII. Borrowing Cost:

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



XVIII. Construction Projects:

1. Capitalisation and Depreciation Provision :

A. Specialised Mining Equipments:

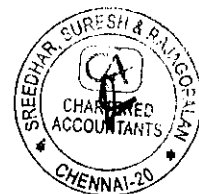
Successful completion of eight effective working hours on load test excluding minor stoppage is the criteria followed in respect of the assets covering Specialised Mining Equipment System namely Bucket Wheel Excavator, Conveyor, Tripper, Transfer Feeder and Spreader for capitalization and commencement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

B. Power Generation Unit:

Test and trial production for Thermal Power Generation unit commences from the date of synchronisation and goes up to the date of commercial commissioning. Provisional take over date of the unit 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 capitalized and the power sale revenue earned during that period is abated to the capital cost of the project.

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

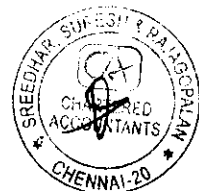
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NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
BALANCE SHEET AS AT 31ST MARCH, 2012.

₹ IN CRORE

Particulars	Note No	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
a) Share Capital	1	1677.71	1677.71
b) Reserves and Surplus	2	10362.05	9496.69
c) Minority Interest		70.00	55.00
(2) Non - Current Liabilities			
a) Long -Term borrowings	3	5361.03	4402.35
b) Deferred tax liability - Net	4	614.15	579.38
c) Other Long term liabilities	5	450.70	422.85
(3) Current Liabilities			
a) Trade Payables	6	1535.78	1517.48
b) Other current liabilities	7	664.53	957.57
c) Short-term provisions	8	798.49	649.94
TOTAL		21534.44	19758.97
II. ASSETS			
(1) Non -Current Assets			
a) Fixed Assets			
(i) Tangible assets	9	7471.71	5992.75
(ii) Intangible assets	10	850.68	858.63
(iii) Capital Work-In-Progress	11	4374.71	4122.93
(iv) Intangible assets under development	12	39.35	21.59
b) Non-current investments	13	309.58	412.78
c) Long - term loans and advances	14	294.19	433.10
d) Other Non-current assets	15	23.83	43.08
Carried Forward		13364.05	11884.86



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

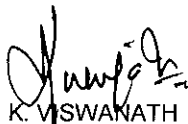
BALANCE SHEET AS AT 31ST MARCH, 2012 (Contd.)

₹ IN CRORE

Particulars	Note No	As at 31st March 2012	As at 31st March 2011
Brought Forward		13364.05	11884.86
2) CURRENT ASSETS			
a) Current Investments	16	103.20	103.20
b) Inventories	17	506.19	491.71
c) Trade receivables	18	3647.03	2202.39
d) Cash and Cash equivalents	19	3347.08	4424.00
e) Short - term loans and advances	20	410.43	475.32
f) Other current assets	21	156.46	177.49
TOTAL		21534.44	19758.97

Notes to the Financial statement and the Significant Accounting Policies annexed form an integral part of the Balance sheet.

For and on behalf of the Board


K. VISWANATH

COMPANY SECRETARY


RAKESH MUMAR

DIRECTOR (FINANCE)


A.R. ANSARI

CHAIRMAN-CUM-MANAGING DIRECTOR



Place : CHENNAI

Date : 28-05-2012

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

For M/S L.U. KRISHNAN & CO
Chartered Accountants

FIRM REGN.NO:001627S


P. Adhiramurthy


Place : CHENNAI

Date : 28-05-2012

For M/S SREEDHAR, SURESH & RAJAGOPALAN
Chartered Accountants

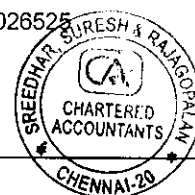
FIRM REGN.NO:03957S



V. Suresh

Partner

M.NO:026525

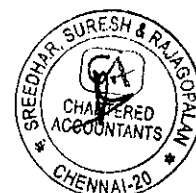


NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

₹ IN CRORE

Particulars	Note No	For the Year ended 31st March 2012	For the Year ended 31st March 2011
I. Revenue from operations	24	4866.85	4295.95
II. Other income	25	748.36	571.69
III. Total Revenue (I +II)		5615.21	4867.64
IV. Expenses:			
Increase (-) / Decrease in stock	26	-2.88	-6.64
Employee benefits expense	27	1698.20	1400.79
Finance Cost	28	149.54	112.77
Depreciation and amortisation expenses	29	430.18	412.87
Other Expenses	30	1475.03	1319.81
Prior Period Adjustments(Net)	31	-2.56	3.49
		3747.51	3243.09
Less: Expenses Capitalised	32	38.04	42.93
Total expenses		3709.47	3200.16
V. Profit before exceptional and extraordinary items and tax (III - IV)		1905.74	1667.48



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

₹ IN CRORE

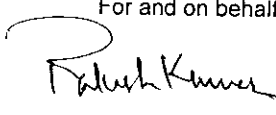
Particulars	Note No	For the Year ended 31st March 2012	For the Year ended 31st March 2011
V. Profit before exceptional and extraordinary items and tax (III - IV)		1905.74	1667.48
VI. Exceptional items	33	78.15	17.02
VII. Profit before Extraordinary Items and tax (V+VI)		1983.89	1684.50
VIII Extraordinary Item		0.00	0.00
IX. Profit before tax (VII+ VIII)		1983.89	1684.50
X. Tax Expense:			
For current year	496.00		405.00
For previous year	41.79		-27.72
Deferred tax	34.77	572.56	8.94
XI. Profit for the period from continuing operation (IX-X)		1411.33	1298.28
XII. Profit for the period		1411.33	1298.28
XIII. Earning Per Share			
1) Basic and Diluted	34	8.41	7.74

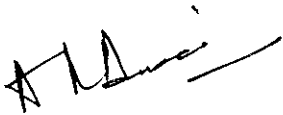
There is no discontinued operation.

The notes to the Financial statement and significant accounting policies annexed form an integral part of Profit and loss statement.

For and on behalf of the Board


K. VISWANATH
 COMPANY SECRETARY



RAKESH KUMAR
 DIRECTOR (FINANCE)


A.R.ANSARI
 CHAIRMAN-CUM-MANAGING DIRECTOR

Place: CHENNAI
 Date: 28-05-2012

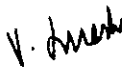
This is the Profit and Loss statement referred to in our report of even date.

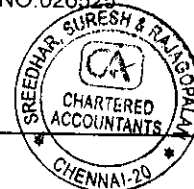
For M/s. L.U.KRISHNAN & CO,
 Chartered Accountants
 FIRM REGN.NO:001527S


R.Aghoramurthy
 Partner
 M.NO:007595

Place: CHENNAI
 Date: 28-05-2012

For M/S SREEDHAR, SURESH & RAJAGOPALAN
 Chartered Accountants
 FIRM REGN.NO: 03957S

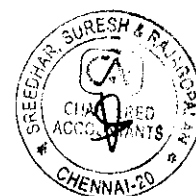

V.Suresh
 Partner
 M.NO:026525



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

₹ in crore

	For the Year ended 31st March 2012	For the Year ended 31st March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax, Extraordinary Items & P.P.T	1983.89	1684.50
Adjustments for :		
Less:		
Profit on Disposal of Asset	5.80	4.00
Interest Income	611.46	495.14
	617.26	499.14
Add:		
Depreciation	430.18	439.03
Advance OB removal charge off	20.73	20.73
Other non cash charges	46.58	-186.88
Interest charged to P&L A/c	149.54	159.07
	647.03	431.95
Operating Profit before working capital changes	29.77	-67.19
	2013.66	1617.31
Adjustments for :		
Trade and other receivables :		
Sundry Debtors		
Loans & Advances	-1443.86	-590.79
Inventories & other current assets	15.07	-63.79
Trade Payables	-14.93	12.40
Cash Flow generated from Operations	-119.86	-500.60
	450.08	474.53
Direct Taxes paid	-478.10	-289.49
Cash Flow Before Exordinary Items & P.P.T	-28.02	185.04
Exordinary items	0.00	0.00
Prior Period Transactions	0.00	0.00
Capital Grants received	0.00	0.00
Capital Grants utilised	0.00	0.00
	1.02	-2.17
Net Cash from operating activities	-27.00	182.87
B. Cash-flow from investing activities:		
Purchase of Fixed Assets/ Preliminary expenses	-1512.02	-1352.87
Sale of Fixed Assets/Projects		
From continuing operations	9.39	11.14
Sale/Purchase of Investments	103.20	103.19
Interest Received	632.7	482.01
Net Cash used in investing activities	-766.73	-756.53



C.Cash flow from financing activities:

Long Term Borrowings (Net)	644.14	764.76
Interest paid	-493.93	-419.67
Share Capital Purchased	15.00	22.00
Dividend (including Dividend Tax)	-448.4	-196.05
Net Cash used/received in financing activities	-283.19	171.04
Net increase,decrease(-) Cash and Cash equivalents	-1076.92	-402.62
Cash and cash equivalents as at the beginning of the year	4424.00	4826.61
Cash and cash equivalents as at the end of the year	3347.08	4423.99

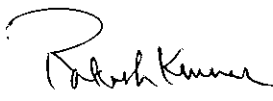
NOTE : (-) INDICATES CASH OUTFLOW.

DETAILS OF CASH AND CASH EQUIVALENTS:

	AS ON 31ST MAR 2012	AS ON 31ST MAR 2011
CASH IN HAND	0.17	0.03
CASH AT BANK IN CURRENT ACCOUNT	37.65	20.37
CASH AT BANK IN DEPOSIT ACCOUNT	3309.26	4403.6
TOTAL	3347.08	4424.00

For and on behalf of the Board


K. VISWANATH
COMPANY SECRETARY

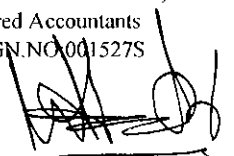

RAKESH KUMAR
DIRECTOR (FINANCE)

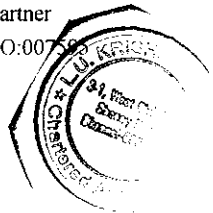

A.R.ANSARI
CHAIRMAN -CUM -MANAGING DIRECTOR

Place :Chennai,
Date: 28-05-2012

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

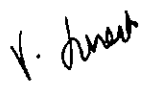
For M/s. L.U.KRISHNAN & CO.,
Chartered Accountants
FIRM REGN.NO:001527S

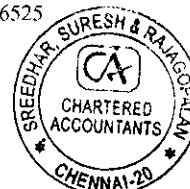

R.Ahoramurthy
Partner
M.NO:007



Place :Chennai,
Date:28-05-2012.

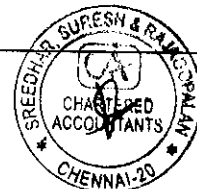
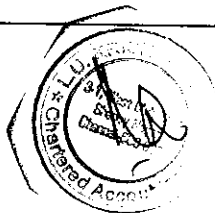
For M/S SRIDHAR SURESH RAJAGOPALAN,
Chartered Accountants
FIRM REGN.NO:03957S


V.Suresh
Partner
M.NO: 026525



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
Notes to the Financial Statement

SL NO	Particulars	₹ in crore		
1	Share Capital	As at		As at
		31st March 2012		31st March 2011
a	Authorised 2000000000 Equity Shares of Rs.10 each	2000.00		2000.00
b	Issued, Subscribed and Paid Up 1677709600 Equity shares of Rs.10 each fully paid	1677.71		1677.71
c	1569639100 Equity Shares being 93.56% held by President of India.			
2	Reserves and Surplus	As at		As at
		01-04-2011	Additions	31-03-2012
a	Capital reserve (capital grants)			
i)	USTDA Grant	1.51	0.00	1.51
ii)	Fly Ash Housing Grant	0.02	0.00	0.02
iii)	Plant Renovation Grant	0.14	0.00	0.14
iv)	Safety Investigation System	0.70	0.00	0.70
b	Profit and Loss Account	8488.96	1427.58	9176.24
	- Share of interest in Joint Venture	-0.08	0.00	-0.08
c	KfW Interest Differential Reserve:	233.44	34.33	251.52
d	General Reserve	727.00	145.00	872.00
e	Bond redemption reserve	45.00	15.00	60.00
	Total	9496.69	1621.91	10362.05
3	Long -term borrowings	As at		As at
		31st March 2012		31st March 2011
a	Secured			
(i)	Neyveli Bonds - 2009	600.00		600.00
(ii)	Term Loans from Banks			
	Canara Bank Consortium Loan	2182.50		2172.50
	State Bank of India Loan	100.00		0.00
	Bank of Baroda Consortium Loan	1938.90		1110.00
b	Unsecured			
	Foreign Currency loan from KfW-Germany##			
	10.30 Million Euro (10.74 Million Euro) - I	70.42		67.94
	68.66 Million Euro (71.46 Million Euro) - II	469.21		451.91
	Total	5361.03		4402.35
c	Neyveli Bonds 6000,8.83%10 Years, Secured, Redeemable, Taxable Non-convertible Bonds in the nature of Debentures of Rs.10 lakh each secured by way of pari passu charge on the present and future fixed assets of Mine II Expansion Project, TS II Expansion.			
d	The Rupee Term Loan of Rs.3750 crore from Canara Bank consortium is secured by pari passu charge on project fixed assets financed and repayable in Twenty equal bi- annual installment commenced from 23-02-2010.			
e	The Rupee Term Loan of Rs.2500 crore from State Bank of India is secured by pari passu charge on project fixed assets financed. The repayment would be made in 42 equated quarterly installments, starting from 30th September 2016.			
f	The term loan of Rs.2500 crore from Bank of Baroda consortium is secured by a pari passu charge on project of the subsidiary financed. The Repayment of loan is in twenty (20) equal half yearly consecutive installments starting from November-2013.			
g	Bi- annual equal repayment(0.44 Million euro) of Foreign Currency loan - I from KfW Germany, commenced from 30-12-2001.			
h	Bi-annual equal repayment(2.88 Million euro) of Foreign Currency loan -II from KfW Germany, commenced from 30-06-2002.			
	## Guaranteed by the Government of India.			
4	Deferred tax Liabilities	As at		As at
		31st March 2012		31st March 2011
a	Deferred tax liability: Related to Depreciation	825.72		611.95
b	Deferred tax Asset: Provisions, etc.	211.57		32.57
	Deferred tax Liability (Net)	614.15		579.38
5	Other Long term Liabilities	As at		As at
		31st March 2012		31st March 2011
	Others - Liability towards Retention Money	450.70		422.85



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SLNO	Particulars	₹ in crore	
6	Trade payable	As at 31st March 2012	As at 31st March 2011
a	Sundry creditors and Accrued expenses	1077.38	1109.80
	-Share of interest in Joint Venture	0.02	0.11
b	Mine Closure	0.00	108.94
c	Capital works and purchases	458.38	298.63
	Total	<u>1535.78</u>	<u>1517.48</u>

d Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 7.33 crore (previous year Rs.2.74 crore)

e Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act Rs. 0.33 crore.

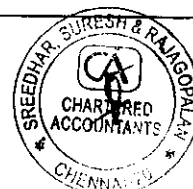
f Liability for Mine closure had been discharged by depositing the amount of Rs.127.81crore in the Escrow account as per the guidelines issued by the Ministry of Coal.

7	Other Current Liabilities	As at 31st March 2012	As at 31st March 2011
a	Current maturities of long term debt		
	(i) Loan from Banks - Canara Bank Consortium	375.00	375.00
	(ii) Foreign currency loan from Credit Agricole Corporate & Investment Bank - Singapore 50 Million Euro	0.00	316.20
	(iii) Foreign Currency loan from KfW -3.24 Million Euro	22.15	20.49
b	Interest Accrued but not due on borrowing		
	(i) Neyveli Bonds	9.99	9.87
	(ii) Credit Agricole Corporate & Investment Bank	0.00	1.17
	(iii) KfW	1.05	1.01
	(iv) Others Interest Accrued	0.01	0.00
c	Unclaimed Dividend	0.93	0.86
d	Unutilised revenue grant	4.78	3.94
e	Staff security deposit	0.01	0.01
f	Other Liabilities	250.30	225.15
	-Share of interest in Joint Venture	0.31	3.87
	Total	<u>664.53</u>	<u>957.57</u>

Other liabilities includes LD, EMD from contractors, credit balance from vendors, deposits for lignite supply, caution deposits and the amount payable to the Parent company and the Joint Venture Company.

8	Short Term Provisions	As at 31st March 2012	As at 31st March 2011
a	Accrued earned leave	120.68	96.06
b	Half pay leave	54.36	30.35
c	Short term benefit of earned leave	10.69	4.36
d	Short term benefit of half pay leave	4.21	2.57
e	Post retirement medical benefit	14.98	12.45
f	Provision for Loss on assets	1.00	0.86
g	Proposed Dividend	469.76	385.87
h	Proposed dividend tax	76.21	62.60
i	Contingencies	46.60	54.82
	Total	<u>798.49</u>	<u>649.94</u>

j Actuarial Valuation Liability in respect of long term employee benefits EL and HPL has yet to be funded with SBI Life Insurance Corporation. Liability had been provided.



Particulars
₹ in crore

9	Tangible Assets	Description	Gross Cost			As at 31/03/2011	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	For the Year	Depreciation Withdrawals/ Trans./Adj.	Net Value	
			As at 31/03/2011	Additions Transfers	Disposals/ Trans./Adj.							As at 31/03/2012	As at 31/03/2012
a	Land ***		417.78	2.81	0.00	420.59	0.00	0.00	0.00	0.00	420.59	417.78	
b	Lease hold land		48.36	1.92	0.00	50.28	5.91	0.00	1.91	7.82	42.45	42.45	
c	- Share of interest in Joint Venture		2.27	1.72	0.00	3.99	0.01	0.00	0.07	0.08	3.91	2.26	
d	Roads		45.01	11.12	0.00	56.13	11.52	0.00	1.34	12.86	43.27	33.49	
e	Buildings **		286.22	51.56	0.09	337.69	114.15	0.34	6.52	120.33	217.36	172.07	
f	Elec.Installations		314.39	124.76	4.71	434.44	128.29	4.42	12.93	136.80	297.64	186.10	
g	Water Supply & Drainage		136.34	5.72	0.13	141.93	64.98	0.13	9.62	74.47	67.46	71.36	
h	Plant & Machinery *		11346.31	1671.06	58.15	12959.22	6338.74	54.15	363.22	6647.81	6311.41	5007.57	
i	Furniture & Equipments		62.33	6.84	0.61	68.56	39.75	0.56	3.32	42.51	26.05	22.58	
j	- Share of interest in Joint Venture		0.02	0.00	0.00	0.02	0.00	0.00	0.01	0.01	0.01	0.02	
	Vehicles		83.69	11.62	4.20	91.11	46.60	3.99	6.94	49.55	41.56	37.09	
	Assets Costing Rs.5000 and below		5.76	0.24	0.00	6.00	5.76	0.00	0.24	6.00	0.00	0.00	
	Total		12748.48	1889.37	67.89	14569.96 #	6755.71	63.59	406.12	7098.24	7471.71	5992.75	
	Previous Year		10830.29	2000.34	82.16	12748.47	6419.15	75.22	411.77	6755.71	5992.75		

* Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects.
There is no impairment loss identified for the assets

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

*** Includes Insurance Spares.

Includes Assets non commissioned amounting to Rs. 1535.18 crore (Previous year Rs.1726.57 crore) of which Rs.1517.89 crore pertains to Thermal PowerStation-II Expansion, which is under test and trial run, hence no depreciation is charged.

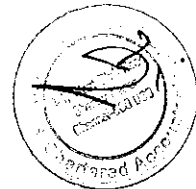
*** Pending High Court decision, the additional land compensation of Rs.0.89 crore (Previous year Rs. 0.58 crore) deposited with Court has not been capitalised

10 Intangible Assets

a	Software	Description	Gross Cost			As at 31/03/2011	As at 31/03/2012	As at 31/03/2011	As at 31/03/2012	For the Year	Depreciation Withdrawals/ Trans./Adj.	Net Value	
			As at 31/03/2011	Additions Transfers	Disposals/ Trans./Adj.							As at 31/03/2012	As at 31/03/2012
b	Mine Development		9.19	0.16	0.00	9.35	6.03	0.00	1.24	7.27	2.08	3.16	
	Mine-I		464.33	0.00	0.00	464.33	194.87	0.00	11.07 @	205.94	258.39	269.46	
	Mine-IA		121.71	5.78	0.00	127.49	24.03	0.00	2.88 @	26.91	100.58	97.68	
	Mine-II		451.42	15.60	0.00	467.02	85.22	0.00	12.98 @	98.20	368.82	366.20	
	Barsingar Mine		123.14	0.73	0.00	123.87	1.01	0.00	2.05	3.06	120.81	122.13	
	Total		1169.79	22.27	0.00	1192.06	311.16	0.00	30.22	341.38	850.68	858.63	
	Previous Year		1151.06	18.74	0.00	1169.80	278.84	0.00	32.30	311.16	858.63		

@ Represents provisions for amortisation

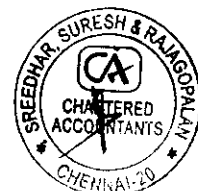
There is no impairment loss identified for the assets.



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

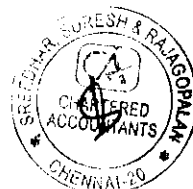
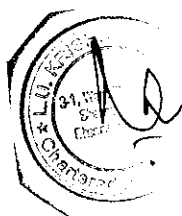
SLNO	Particulars	₹ in crore	
		As at 31st March 2012	As at 31st March 2011
11	Capital Work-in-Progress		
a	Plan Expenditure		
i)	TPS II Expansion		
	Supply and Erection	747.82	1905.98
	Capital Goods in Stock	2.80	2.82
	Expenditure during Construction	104.84	95.09
	Interest during Construction	215.94	337.07
		1071.40	2340.96
ii)	Barsingar Mines and Thermal		
	Supply and Erection	4.28	15.16
	Capital Goods in Stock	0.03	0.03
		4.31	15.19
iii)	Mine II Expansion		
	Supply and Erection	73.78	76.72
	Capital Goods in Stock	22.06	36.58
		95.84	113.30
iv)	NLC Tamil Nadu Power Ltd.		
	Supply and Erection	2693.30	1355.30
	Capital Goods in Stock	32.01	49.41
	Expenditure during Construction	47.95	21.60
	Interest during Construction	243.82	102.76
		3017.08	1529.07
vi)	Neyveli New Thermal Plant		
	Consultancy and others	14.60	0.00
b	Non- Plan Expenditure	171.48	124.41
	Total	4374.71	4122.93
12	Intangible Assets under Development		
a	Preliminary Project Expenditure		
	- Share of interest in Joint Venture	67.72	53.46
		2.85	3.01
		70.57	56.47
	Less: provisions	31.22	34.88
		39.35	21.59
13	Non-Current Investments		
a	8.5% tax free SLR Power Bonds issued by State Governments. (Unquoted)	309.58	412.78
14	Long term Loans and Advances		
a	Loans and Advances Staff (Secured)	65.83	76.20
b	Capital Advances (Unsecured considered good)	228.36	356.90
	Total	294.19	433.10



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

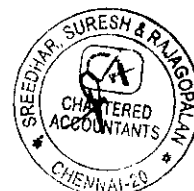
SLNO	Particulars	₹ in crore	
		As at	As at
15	Other Non - Current Assets	As at	As at
	Unsecured considered good	31st March 2012	31st March 2011
		23.83	43.08
16	Current Investments	As at	As at
	a 8.5% tax free SLR Power Bonds issued by State Governments. (Unquoted)	31st March 2012	31st March 2011
		103.20	103.20
17	Inventories	As at	As at
	(As certified by the Management)	31st March 2012	31st March 2011
	a Raw Materials	57.43	54.55
	b Stores and Spares	428.89	408.73
	c Goods-in-transit	27.91	35.81
		456.80	444.54
	Less: Provision	9.55	9.10
	d Solid/Hollow/Fly Ash Bricks	1.51	1.72
	Total	506.19	491.71
	e Inventory valuation - Value of inventory at the lower of cost and net realisable value		
	(i) Lignite - At absorption cost excluding share of common charges and social overhead.		
	(ii) Stores & Spares procured - At weighted average acquisition cost.		
	(iii) Fly ash bricks - At absorption cost.		
	(iv) Waste products, used belts reconditioned, Stores & Spares discarded for disposal, medicines and canteen stores are taken at NIL value.		
	f Stocks of stores,spares,raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.		
18	Trade receivables	As at	As at
	a Unsecured	31st March 2012	31st March 2011
	Considered Good		
	More than six months	1068.74	701.23
	Others	2578.29	1501.16
	Considered Doubtful	2.09	2.87
		3649.12	2205.26
	Less: Provision for Doubtful Debts	2.09	2.87
	Total	3647.03	2202.39
19	Cash & cash equivalents	As at	As at
	a Balances with Scheduled Banks in Current A/c	31st March 2012	31st March 2011
	- Share of interest in Joint Venture	37.64	20.36
	b Cash on hand	0.01	0.01
	c Unpaid Dividend A/c	0.17	0.03
	d Fixed Deposits	0.93	0.86
	(i) Short term Deposit	3275.20	4373.21
	- Share of interest in Joint Venture	5.94	2.35
	(ii) Staff Security Deposit	0.01	0.01
	(iii) Endowment fund in the name of NLC schools	0.18	0.17
	(iv) Short term Deposits for lien for guarantee	27.00	27.00
	Total	3347.08	4424.00



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

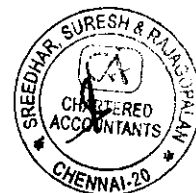
SLNO	Particulars	₹ in crore	
		As at 31st March 2012	As at 31st March 2011
20	Short term loans and advances		
	(Recoverable in cash or in kind or for value to be received)		
a	Unsecured		
	(i) Considered good	139.27	126.11
	- Share of interest in Joint Venture	0.01	0.00
	(ii) Considered doubtful	2.14	3.12
	Less: Provision for doubtful advances	141.42	129.23
		2.14	3.12
b	Prepaid Expenses	139.28	126.11
c	Advance Overburden removal expenditure	4.33	3.39
d	Asset not in the Books of Accounts (Net of charge)	13.82	34.55
e	Advance Income tax	1.40	0.00
	Less : Provision for taxation	1323.95	1244.32
		1072.41	251.54
f	Deposit with Central Excise, Port Trust and Customs authorities	933.09	311.23
		0.06	0.04
		410.43	475.32
g	(i) Due by officers	-	-
	(ii) Maximum amount due at any time during the year	-	-
h	(i) Due by Directors	-	-
	(ii) Maximum amount due at any time during the year	-	-
21	Other Current Assets		
a	Interest accrued		
	- Share of interest in Joint Venture	155.75	177.20
		0.22	0.01
b	Disposable/Dismantled assets, Spares	0.85	2.23
	Less: Provision for impairment of assets	0.36	0.28
	Total	156.46	177.49
22	Contingencies and Commitments		
a	Contingent Liability exists in respect of:		
	(i) Guarantees issued by company	21.98	18.61
b	Claims against the Corporation not acknowledged as debts:		
	(i) From employees / others	0.22	0.23
	(ii) From suppliers / contractors	1721.04	1545.05
	(iii) Statutory authorities	19.34	20.02
	(iv) Disputed amount of Income tax	280.97	82.92
c	(i) Estimated value of contracts remaining to be executed on capital accounts not provided for	2780.81	3731.57
	(ii) Commitment for the acquisition of lands	44.89	89.71
d	Value of Securities other than cash not considered in accounts	0.75	1.22
23	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of sundry debtors, advances and amounts due to creditors are subject to confirmation.		



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

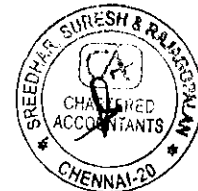
SLNO	Particulars	₹ in crore	
24	Sales	For the Year ended 31st March 2012	For the Year ended 31st March 2011
a	Power		3996.44
b	Lignite	4476.23	345.40
c	Miscellaneous	462.88	2.17
		13.75	
		4952.86	4344.01
	Less: Excise duty	4.62	0.48
		4948.24	4343.53
	Less: Transfer to Capital Expenditure Accounts	81.39	47.58
		4866.85	4295.95
	<p>d Pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry of Coal Guideline on the lignite transfer price for energy charges and other relevant parameters.</p> <p>e Revision in capacity charges of power tariff and transfer price of lignite(in accordance with Ministry of Coal (MOC) guidelines) for energy charges of power tariff on account of "trueing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable will be considered subject to approval by Central Electricity Regulatory Commission(CERC).</p> <p>f Mine-II expansion expenditure in determining the transfer price of lignite for energy charges in respect of sale of power will be considered on filing of tariff petition with CERC for ThermalPower Station II expansion.</p>		
25	Other Income	For the Year ended 31st March 2012	For the Year ended 31st March 2011
a	Interest		
	(i) Bank Deposit	392.22	338.24
	(ii) Employees	14.68	8.37
	(iii) Long term investments	41.67	50.44
	(iv) Others	162.89	81.82
b	Recoveries		
	(i) Rent	7.97	8.64
	(ii) Others	0.48	0.48
c	Handling charges recovered	0.12	9.35
d	Profit on Sale of assets	5.80	4.00
e	Provision written back	23.46	4.36
f	Miscellaneous	108.56	74.27
		757.85	579.97
	Less: Transfer to Capital Expenditure Accounts	9.49	8.28
		748.36	571.69
9	<p>As per the accounting policy of the Corporation, surcharges recoverable from Electricity Boards on the belated settlement of the power bill, amounting to Rs.64.66 crore (previous year Rs.9.66 crore) has not been reckoned as income since there is uncertain</p>		



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

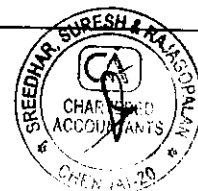
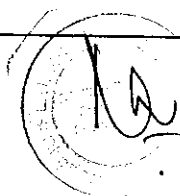
SLNO	Particulars	₹ in crore	
		For the Year ended 31st March 2012	For the Year ended 31st March 2011
26	Increase(-) / Decrease in Stock		
a	OPENING STOCK		
	Raw Material		
	Lignite	54.55	49.40
	Less: transfer to capital account	0.00	1.49
		<u>54.55</u>	<u>47.91</u>
b	CLOSING STOCK		
	Raw Material		
	Lignite	57.43	54.55
		<u>57.43</u>	<u>54.55</u>
	Increase (-) /Decrease in Stock	<u>-2.88</u>	<u>-6.64</u>
27	Employees' Remuneration and Benefits		
		For the Year ended 31st March 2012	For the Year ended 31st March 2011
a	Salaries, Wages and Incentives	1426.79	1178.74
b	Contribution to Provident and other funds	223.46	196.21
c	Gratuity	58.56	27.78
d	Welfare expenses	76.33	68.17
		<u>1785.14</u>	<u>1470.90</u>
	Less: Transfer to Capital Expenditure Accounts	86.94	70.11
		<u>1698.20</u>	<u>1400.79</u>
e	Disclosure under Accounting Standard 15 on Employee benefits:		
		For the Year ended 31st March 2012	For the Year ended 31st March 2011
1.	Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund:		
	(i) The actuarial gain or losses will be recognised in the year of occurrence.		
	(ii) The LIC Group gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year-end.		
	(iii) The amounts recognised in the balance sheet are as follows:		
	Present Value of funded obligations	676.91	603.98
	Fair value of Plan assets	676.91	603.98
	Unrecognised past service cost	0.00	0.00
	Net liability in the Balance Sheet	0.00	0.00
	(iv) The amounts recognised in the Statement of profit and loss are as follows:		
	Current Service Cost	18.14	4.16
	Interest on obligation	48.32	33.03
	Expected return on plan assets	-55.99	-44.62
	Net actuarial losses (gains) recognised in the year	34.34	176.54
	Total included in Employee benefit expense	44.80	169.11
	Actual return on plan assets	55.98	44.63



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

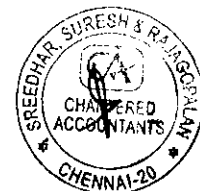
SLNO	Particulars	₹ in crore	
		For the Year ended 31st March 2012	For the Year ended 31st March 2011
	(v) Changes in the present value of the defined benefit obligation		
	Opening defined benefit obligation	603.99	412.87
	Service cost	18.14	4.16
	Interest cost	48.32	33.03
	Actuarial losses (gains)	34.34	177.44
	Benefits paid	-27.88	-23.51
	Closing defined benefit obligation	676.91	603.99
	(vi) Changes in the fair value of plan assets.		
	Opening fair value of plan assets	603.99	414.20
	Expected return	55.99	44.62
	Actuarial gains and (losses)	0.00	0.90
	Contributions by employer	44.80	167.78
	Benefits paid	-27.88	-23.51
	Closing fair value of plan assets	676.91	603.99
	(vii) Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discounted rate per annum	8.00	8.00
	Expected return per annum on plan assets	8.00	8.00
	Salary Escalation per annum	5.00	5.00
	Retirement Age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	1-3%
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:		
	(i) Amount recognised in the profit and loss account as premium paid to the Insurance Company.	6.73	10.62
	(ii) Liability Provided for the fixed Medical Assistance	9.90	6.25
28	Finance Cost	For the Year ended 31st March 2012	For the Year ended 31st March 2011
	a Interest Expenses		
	Fixed loans		
	Unsecured loans - Kfw -foreign currency loan	4.29	3.85
	Unsecured loans - Credit Agricole Corporate Investment Bank -foreign currency loan	7.47	6.35
	Secured loans-NLC Bonds	53.10	52.98
	Loan from Banks	402.27	294.23
	Other Financial Charges	0.00	6.00
	Others	14.87	3.65
	Guarantee Fees Kfw loan	6.48	6.44
	Exchange rate variation	4.45	19.67
		492.93	393.17
	Less: Transfer to Capital Expenditure Accounts	343.39	280.40
		149.54	112.77
	b Borrowing cost capitalised during the year	For the Year ended 31st March 2012	For the Year ended 31st March 2011
	(i) Interest and commitment charges	338.94	260.73
	(ii) Exchange rate difference arising from foreign currency loan	4.45	19.67



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

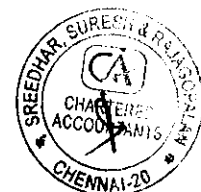
SLNO	Particulars	₹ in crore	
29	Depreciation	For the Year ended 31st March 2012	For the Year ended 31st March 2011
a	Fixed Assets	407.29	387.87
b	Mine Development and other amortisations	28.98	30.05
		<u>436.27</u>	<u>417.92</u>
	Less: Transfer to Capital Expenditure Accounts	5.91	4.95
	Transfer from Capital Grants	0.18	0.10
		<u>430.18</u>	<u>412.87</u>
30	Other Expenses	For the Year ended 31st March 2012	For the Year ended 31st March 2011
	Consumption of stores and spares	502.12	447.97
	Fuel	96.15	85.16
	Mine closure	18.87	17.97
	Advance Over Burdern removal charge off	20.73	20.73
	Excise duty	28.98	3.14
	Rent	0.51	0.67
	Rates and taxes		
	Electricity tax	1.28	1.22
	Clean energy cess	122.36	85.22
	Others	2.51	3.53
	Power charges	5.68	2.35
	Water charges	1.09	0.82
	Wealth Tax	0.26	0.31
	Repairs and Maintenance		
	Plant and Machinery	112.87	90.81
	Buildings	8.70	13.87
	Others	178.66	131.55
	Overburden Removal Expenditure	44.85	52.63
	Insurance	4.82	3.45
	Payments to auditors		
	Audit fees	0.16	0.13
	Tax Audit fees	0.08	0.06
	Other Certification Fees	0.08	0.05
	Reimbursement of expenses	0.03	0.02
	Traveling expenses	13.46	13.25
	Training expenses	2.92	2.34
	Family Welfare expenses	3.02	2.17
	Selling expenses - Discounts	36.24	54.87
	Afforestation expenses	12.23	9.57
	Royalty	177.44	160.92
	Central Industrial Security Force expenses	66.20	50.70
	Corporate Social Responsibility expenses	14.09	13.24
	Miscellaneous expenses	64.64	53.51
	Loss on disposal of assets	2.03	0.00
	Fixed assets written off	0.06	0.00
	Provision for impairment of fixed assets	0.35	0.00
	Provision for Contingencies	10.02	10.00
	Provision for stores & materials	2.93	2.67
	Provision for Doubtful debts/advances	0.06	0.33
	Provision for Loss on Assets	0.14	0.00
	Provision for preliminary expenses	0.44	30.66
		<u>1557.06</u>	<u>1365.89</u>
	Less: Transfer to Capital Expenditure Accounts	80.86	44.19
	Transfer from Grant	1.17	1.89
		<u>1475.03</u>	<u>1319.81</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

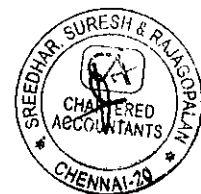
Notes to the Financial Statement

SL NO:	PARTICULARS	₹ in Crore	
31	Prior Period adjustment	For the year ended 31st March 2012	For the year ended 31st March 2011
a	Sales	0.00	-21.49
b	Depreciation	0.00	26.16
c	Consumption of Stores and spares	0.00	-1.18
d	CSR Expenses	-2.56	0.00
e	Rent	2.73	0.00
		0.17	3.49
	Less: Transfer to Capital Expenditure Accounts	2.73	0.00
	Prior Period adjustment (Net)	-2.56	3.49
f	(-) Indicates Credit		
32	Expenses Capitalised	For the year ended 31st March 2012	For the year ended 31st March 2011
	Lignite Consumption during construction	22.30	29.54
	Power Consumption during construction	0.00	2.27
	Service Charges	9.30	4.61
	Land Acquisition Expenses	6.44	6.51
	Total	38.04	42.93
33	Exceptional Items	For the year ended 31st March 2012	For the year ended 31st March 2011
a	Power Sales	-63.46	-340.72
b	Mine closure Expenditure Liability reversal	0.00	400.42
c	Lignite Sales	57.23	-6.15
d	Interest - Income	161.21	16.21
e	Employee remuneration	-76.83	0.00
f	Interest - Expenses	0.00	-52.74
	Total	78.15	17.02
g	Power tariff has been finalised by CERC for Thermal Power station -I and II for the period from 01-04-2009 during the year. Consequently there is a reduction in the power sale which had been provisionally reckoned in the earlier years.		
h	Claim for the Income - Tax reimbursement for the period from 2005-06 to 2008-09 has been accepted by the beneficiaries in respect of lignite supplied to them. Hence the same has been reckoned as income during the year.		
i	Consequent to receipt of finalised power tariff for Thermal Power station I & II and on acceptance of Income Tax reimbursement claim, Income in respect of interest for the difference between the provisional billing and finalised power Tariff, and on earlier year In		
j	Additional provision has been made in respect employee superannuation benefit for the period from 01-01-2007 to 31-03-2011.		
k	During the year ended 31st March 2011, the Ministry of Coal approved Mine Closure Plans effective from 01-04-2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of Rs.400.42 crore, power sales has been reduced by Rs.340.72 crore and lignite sales has been reduced by Rs.6.15 crore being adjustment relating to earlier years. Interest payable to the beneficiaries has been reckoned at Rs.52.74 crore. Interest income on receipt of finalised power tariff for TPS-I Expansion amounting to Rs.16.21 crore also considered.		
34	Earning Per Share	For the year ended 31st March 2012	For the year ended 31st March 2011
a	Profit after tax	1411.33	1298.28
b	Number of Shares	1677709600	1677709600
c	Face Value of Share	10.00	10.00
d	Earning Per Share - Basic and Diluted	Rs. 8.41	7.74



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
Notes to the Financial Statement

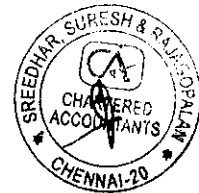
SL NO:	PARTICULARS	₹ in crore	
35	The effect of Foreign exchange fluctuation:	For the year ended 31st March 2012	For the year ended 31st March 2011
a	The amount of exchange rate difference debited/(credited) to the Profit & Loss Account	1.02	1.34
b	The amount of exchange rate difference adjusted and debited/(credited) to the carrying amount of fixed assets & WIP	56.21	24.37
36	Expenditure incurred on Research & Development:	For the year ended 31st March 2012	For the year ended 31st March 2011
a	Capital Expenditure	0.75	1.29
b	Revenue Expenditure	9.86	9.27
37	Profit appropriation	For the year ended 31st March 2012	For the year ended 31st March 2011
a	Surplus brought forward from previous year	8488.96	7799.40
b	Profit after tax	1411.33	1298.28
c	Transfer to/from Interest Differential Fund reserve	-18.08	-15.25
d	Transfer to Bond Redemption Reserve	-15.00	-15.00
e	Transfer to General Reserve	-145.00	-130.00
f	Proposed Dividend	-469.76	-385.87
g	Tax on Proposed Dividend	-76.21	-62.60
	Surplus carried to Balance Sheet	<u>9176.24</u>	<u>8488.96</u>
38	Details of contingency provisions:	As at 01-04-2011	As at 31-03-2012
a	Interest on disputed tax deducted at source	16.58	16.60
b	Provision for Barsingsar Mine Development Expenditure incurred in earlier year.	18.24	0.00
c	Provision for arbitration	20.00	30.00
	Total	<u>54.82</u>	<u>46.60</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

Notes to the Financial Statement

SL NO:	PARTICULARS	₹ in crore									
39	<p>a Disclosure of transactions with the related parties as defined in the Accounting Standard-18 are given below:</p> <p>(i) List of related parties:</p> <p>(a) Key Management Personnel:</p> <p>Shri A.R. Ansari -Chairman cum Managing Director Shri. Alok Perti Smt. Zohra chatterji Shri. Rajeev Ranjan Shri M.Sundara devan Shri.R.K.Mahajan Shri. B.Surender Mohan Shri.R.Kandasamy Shri. K.Sekar Shri. J.Mahilselvan Shri. Sarat Kumar Acharya Shri. T. Jeyaseelan Shri.P. Soma Shekar Reddy</p> <p style="text-align: right;">Directors</p> <p>(ii) Transactions during the year with related parties:</p> <p>1.Remuneration to Directors listed in (a) above: Rs.1.92 crore</p>										
40	<p>Disclosure in respect of the interests in Joint Venture as per Accounting standard -27 is furnished as under:</p> <p>a Company Name : M/s MNH Shakthi Limited</p> <p>b Registered Office : Anand Vihar, PO Jagruti Vihar, Sambalpur District, Orissa.</p> <p>c Joint Venture / Interest :</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">(i) M/s Mahanadi Coal fields Limited</td> <td style="width: 20%; text-align: center;">70%</td> <td style="width: 20%; text-align: right;">70%</td> </tr> <tr> <td>(ii) M/s Neyveli Lignite Corporation Limited</td> <td style="text-align: center;">15%</td> <td style="text-align: right;">15%</td> </tr> <tr> <td>(iii) M/s Hindalco Industries Limited</td> <td style="text-align: center;">15%</td> <td style="text-align: right;">15%</td> </tr> </table>	(i) M/s Mahanadi Coal fields Limited	70%	70%	(ii) M/s Neyveli Lignite Corporation Limited	15%	15%	(iii) M/s Hindalco Industries Limited	15%	15%	
(i) M/s Mahanadi Coal fields Limited	70%	70%									
(ii) M/s Neyveli Lignite Corporation Limited	15%	15%									
(iii) M/s Hindalco Industries Limited	15%	15%									
41	<p>Figures of the previous year have been re-grouped wherever necessary.</p>										

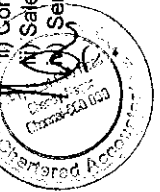


NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI
Notes to the Financial statement (Consolidated)
42 Segmentwise Result For the Year 2011-12

	Lignite Mining		Power Generation		Inter segment Adjustment		Total	
	For the year ended		For the year ended		For the year ended		For the year ended	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011	31st March 2012	31st March 2011	31st March 2012	31st March 2011
REVENUE								
External Sales	458.26	345.66	4408.59	3950.29			4866.85	4295.95
Inter-segment sales	3238.35	2535.33	288.66	190.52	3527.01	2725.85		
Total Revenue	3696.61	2880.99	4697.25	4140.81	3527.01	2725.85	4866.85	4295.95
RESULT								
Segment Result	960.85	920.65	559.36	462.84				
Other Income							1520.21	1383.49
Unallocated Corporate expenses.							113.54	88.48
Operating Profit							192.39	167.08
Interest Expense							1441.36	1304.89
Interest Income							149.54	112.77
Exceptional Items							611.36	478.85
Income taxes							78.15	17.02
Profit from Ordinary activities							572.56	386.22
Priorperiod / Income / Expenditure (Net)							1408.77	1301.77
Net Profit							2.56	-3.49
OTHER INFORMATION							1411.33	1298.28
Segment Assets	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Unallocated Corporate assets(Including Capital Work-in Progress)	4429.04	4380.20	6958.08	3823.82			11387.12	8204.02
Total Assets								
Segment liabilities	821.76	909.69	640.37	493.36			10147.32	11554.95
Unallocated Corporate liabilities							21534.44	19758.97
Total liabilities							1462.13	1403.05
Capital Expenditure	105.15	189.67	134.89	46.57			7962.55	7126.52
Depreciation	267.78	293.65	148.80	102.97			9424.68	8529.57
Non-cash expenses other than depreciation	0.36	1.86	0.09	0.67			240.04	236.24
							416.58	396.62
							0.45	2.53

Note:

1. Since the business operation is within India the secondary disclosure does not arise
2. The inter-segment transfers are priced on cost plus profit basis.
3. Allocation of:
 - i) storage charges on the basis of material drawal,
 - ii) Common charges and social overhead on the basis of salaries & wages,
 - iii) Sales Orgn. Expenses on the basis of actual sales and Service Centres Assets & Liabilities are apportioned among the Segments on the basis of the service rendered.



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

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

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO

THE BOARD OF DIRECTORS OF NEYVELI LIGNITE CORPORATION LIMITED

1. We have audited the attached Consolidated Balance Sheet of **NEYVELI LIGNITE CORPORATION LIMITED** ("the Company") and its subsidiary and joint venture (collectively referred to as "the Group"), as at 31st March 2011, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as "the Consolidated Financial Statements"). These consolidated financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary and joint venture, whose financial statements reflect total assets of Rs. 1914.13 crores as at 31st March 2011, total revenues of Rs. Nil and total cash flows amounting to Rs. 7.25 crore for the year ended on that date as considered in the consolidated financial statements. The financial statements of subsidiary and joint venture have been audited by other auditor whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and joint ventures are based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures as notified under Companies (Accounting Standard) Rules, 2006.

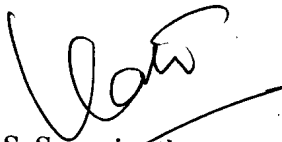



5. Attention is invited to Note No. 16 of Schedule – 21 - Notes on Accounts regarding accounting of sale of power by adopting provisional tariff and Note No. 17 of Schedule – 21 – Notes on Accounts regarding revision in power tariff from normative to actual on receipt of Central Electricity Regulatory Commission (CERC) order. Pending receipt of final order on power tariff by CERC, consequential adjustments, that may arise in future, are not ascertainable at this stage.

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

- (a) In the case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2011;
- (b) In the case of Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
- (c) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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



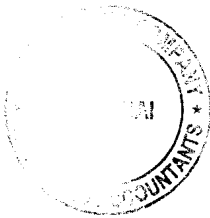
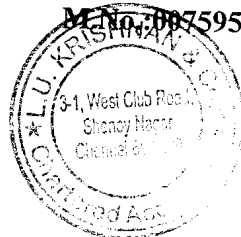
S. Swaminathan
Partner
M.No.: 023998

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



R. Aghoramurthy
Partner

M.No.: 007595



Place: Chennai
Date: 27.05.2011.

NEYVELI LIGNITE CORPORATION LIMITED, NEYVELI

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation:

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

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

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

I. Fixed Assets:

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

II. Depreciation:

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

Description of Assets Covered	Basis
i) Assets of Thermal Power Stations, excluding vehicles other than Ash Tippers.	The Company follows the provisions of the Electricity Act 2003. The rates are prescribed by Central Electricity Regulatory Commission (CERC) pursuant to provisions of Electricity Act 2003.



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ii)	Residential Buildings - II & III Class	At rates prescribed by Bureau of Public Enterprises.
iii)	Buildings : Non-residential Buildings Roads Plant & Machinery : CME other than dozers and pipe layers, Workshop machinery, pumps GWC &SWC pipes and Civil construction machinery. Furniture and Equipments used in welfare centres other than Typewriter and Duplicators.	At technically assessed rates
iv)	Specialised Mining Equipments : Commissioned on or after 31-08-2007	At the rate approved under section 205(2)(d) of the Companies Act, 1956
v)	Other Assets	At rates prescribed in Schedule XIV of the Companies Act, 1956.

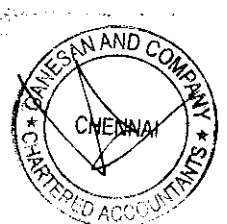
Rates under (ii) and (iii) above are followed so long as they are higher than the rates covered under base (v).

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

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

6. **Machinery Spares:**

Initial spares purchased along with Fixed Assets are capitalised and depreciated along with the asset. Insurance spares purchased subsequent to the commissioning of the



fixed assets costing Rs.50 lakhs 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 utilized, the carrying cost is fully charged as depreciation in the year of utilization.

III. Intangible Assets:

a) Computer Software:

Application Software acquired for an amount more than Rs.10 lakhs are capitalized as intangible assets and amortized over a period of 5 years.

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

c) Research & Development (Internally generated Projects):

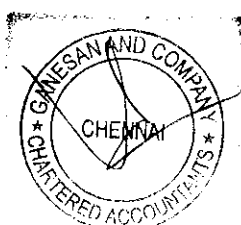
- i) Expenditure incurred during the phase of research is charged to revenue.
- ii) Expenditure incurred during the phase of development is capitalized with respect to each project and amortized over its useful life.

IV Inventory Valuation:

At the lower of cost and net realizable value.

Description	Basis of Cost
i) Lignite	At absorption cost excluding share of common charges and social over head.
ii) Stores & Spares procured	At weighted average acquisition cost.
iii) Fly Ash bricks	At absorption cost
iv) Goods in Transit including goods received but pending inspection/acceptance.	At cost

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



Na

V. **Mine Closure Expenditure :**

Concurrent mine closure expenses are accounted as and when incurred. The annual cost of final mine closure is calculated and accounted on the basis of guidelines for preparation of mine closure plan issued by Ministry of Coal.

VI. **Prepaid expenses:**

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

VII. **Investments :**

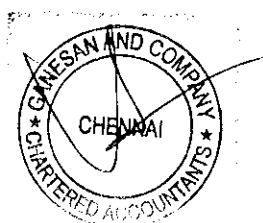
Long Term Investments are carried at cost. Provision is made for diminution if any, other than temporary, in the value of such investments.

VIII. **Preliminary Project Expenditure :**

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

IX. **Accounting for Grants:**

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



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- iii) Revenue grants to the extent utilized are accounted in Profit and Loss Account.

X. Reserves and Surplus:

Interest Differential Reserve:

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

XI. Employee Benefits:

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

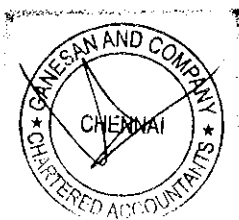
- i. Short term employee benefits such as wages, salaries, incentives, short term EL and HPL are fully provided for.
- ii. Long term employee benefits such as EL and HPL are provided for as per actuarial valuation and funded in SBI Life Insurance Corporation.
- iii. Post employment benefits such as Gratuity is treated as defined benefit plan and is accounted as per actuarial valuation. Contribution to gratuity is made to L.I.C. Group Gratuity Fund.
- iv. Post Retirement Medical Benefit Scheme is treated as defined contribution scheme and accounted accordingly.
- v. Contribution to Provident Fund Trust is recognized in Profit & Loss Account on the basis of actual liability.

XII. Allocation of Common Charges / Social Overhead Expenses:

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

XIII. Prior Period and Extra-Ordinary Items:

Prior Period and Extra-ordinary items are accounted in accordance with Accounting Standard-5. Transactions arising out of errors or omissions exceeding Rs. 1 crore in each case considered as material are accounted under Prior Period Transactions.



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Extraordinary items of value exceeding Rs.1 crore in each case are considered as material and accounted for under Extra-ordinary items. Prior Period/Extra-ordinary items are not considered for stock valuation purposes.

XIV. Significant events occurring after the Balance Sheet date:

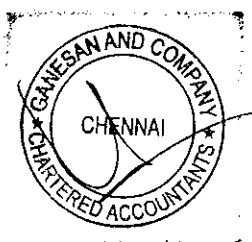
Treatment of contingencies and significant events are in accordance with Accounting Standard-4. For this purpose, event having an effect of Rs.1 crore and above in value is considered as significant.

XV. Revenue Recognition:

- a) Sale of power is accounted for by following Electricity Act 2003, where the tariff rates are approved by the Central Electricity Regulatory Commission constituted under the Electricity Act 2003. In case of power stations where the tariff rates are yet to be approved, provisional tariff rates, calculated on the basis of Ministry of Coal guidelines on lignite transfer price for energy charges and other relevant CERC's norms and parameters for capacity charges, are adopted.
- b) Claim towards insurance, surcharge on belated settlement of power bills and interest on delayed payment of income tax recoverable are accounted in the year of settlement and /or in the year of acceptance of the claim/ certainty of realization as the case may be.
- c) Cash discounts for prompt payments are accounted as and when the related dues are settled.

XVI. Foreign Exchange Transactions:

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



XVII. Accounting for Taxes on Income

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

XVIII. Borrowing Cost:

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

XIX. Construction Projects:

1. Capitalisation and Depreciation Provision :

A. Specialised Mining Equipments:

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

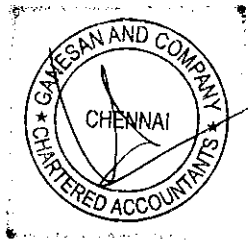


B. Power Generation Unit:

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

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

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NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

BALANCE SHEET AS AT 31ST MARCH, 2011.

(Rs.in Crore)

	Schedule	As at 31st March 2011	As at 31st March 2010
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SOURCES OF FUNDS

Shareholders' Funds

Share Capital	1	1677.71	1677.71
Reserves and Surplus	2	9496.77	8646.96
Minority Interest		55.00	33.00

Loan Funds

Secured Loans	3	4257.50	3509.42
Unsecured Loans	4	856.54	839.86

Deferred Tax Liability (Net)

		579.38	570.43
TOTAL		16922.90	15277.38

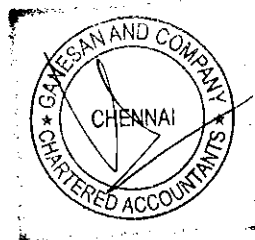
APPLICATION OF FUNDS

Fixed Assets	5		
Gross Block		13918.25	11981.32
Less: Depreciation		7066.86	6698.00
Net Block		6851.39	5283.32
Capital Work-In-Progress		4122.93	4374.70
- Share of interest in Joint Venture		3.00	2.56
Advance for Capital Items		356.90	378.57
		11334.22	10039.15
Investments	6	515.98	619.17

Carried Forward

11850.20

10658.32



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

BALANCE SHEET AS AT 31ST MARCH, 2011 (Contd.)

(Rs.in Crore)

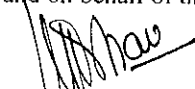
	Schedule	As at 31st March 2011	As at 31st March 2010
Brought Forward		11850.20	10658.32
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	491.71	502.96
Sundry Debtors	8	2202.39	1611.62
Cash and Bank Balances	9	4423.99	4826.61
Other Current Assets	10	177.49	164.56
Loans and Advances	11	<u>560.05</u>	<u>583.81</u>
		7855.63	7689.56
Less: Current Liabilities & Provisions	12		
A. Current Liabilities		2186.20	2556.39
B. Provisions		<u>649.94</u>	<u>613.28</u>
Net Current Assets		5019.49	4519.89
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	12A	53.21	99.17
TOTAL		<u>16922.90</u>	<u>15277.38</u>

The schedules referred to above, Notes on accounts (Schedule-21) and the Significant Accounting Policies annexed form an integral part of the Balance Sheet.

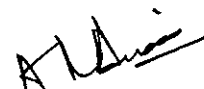
For and on behalf of the Board


K. VISWANATH

COMPANY SECRETARY


K. SEKAR

DIRECTOR (FINANCE)


A.R. ANSARI

CHAIRMAN-CUM-MANAGING DIRECTOR

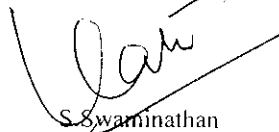
Place : Chennai

Date : 27-05-2011

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

For M/S GANESAN AND COMPANY,
Chartered Accountants

FIRM REGN NO:000359S


S. Swaminathan

Partner

M.NO:023998

For M/S L.U.KRISHNAN & CO.
Chartered Accountants

FIRM REGN NO:001527S

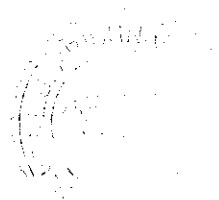
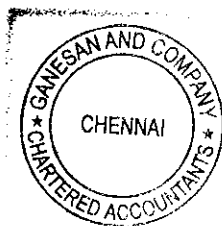

R. Aghoramurthy

Partner

M.NO:007595

Place : Chennai

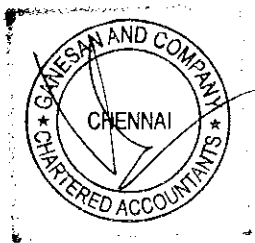
Date : 27-05-2011



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

(Rs.in Crore)

	Schedule	For the Year ended 31st March 2011	For the Year ended 31st March 2010
INCOME			
Sales	13	3949.08	4121.02
		<u>3949.08</u>	<u>4121.02</u>
Other Income	14	970.35	599.42
Increase/Decrease(-)in Stocks	15	6.64	-30.20
TOTAL		<u>4926.07</u>	<u>4690.24</u>
EXPENSES			
Employees' Remuneration and Benefits	16	1400.79	1692.95
Interest	17	159.07	33.58
Depreciation	18	412.87	253.89
Other Expenses	19	1308.28	1176.56
		<u>3281.01</u>	<u>3156.98</u>
Less:Expenses Capitalised		42.93	68.43
		<u>3238.08</u>	<u>3088.55</u>
Profit for the year		1687.99	1601.69
TOTAL		<u>4926.07</u>	<u>4690.24</u>




NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.

(Rs.in Crore)

Schedule	For the Year ended 31st March 2011	For the Year ended 31st March 2010
Profit for the year	1687.99	1601.69
Prior Period Adjustments(Net) 20	-3.49	3.17
Profit before tax	1684.50	1604.86
Income tax		
For current year	405.00	402.00
For earlier year	-27.72	56.40
Deferred tax	8.94	386.22
Profit after tax	1298.28	-101.00
Surplus brought forward from previous year	7799.40	357.40
	9097.68	7071.35
Transfer to/ from Interest Differential Fund Reserve	15.25	12.50
Transfer to/from Bond Redemption Reserve	15.00	15.00
Transfer to General Reserve	130.00	100.00
Interim Dividend	0.00	167.77
Tax on interim Dividend	0.00	28.51
Proposed Final Dividend	385.87	167.77
Tax on Proposed Final Dividend	62.60	27.86
Surplus carried to Balance Sheet	8488.96	7799.40
Earnings per Share - Basic and Diluted (Face value Rs.10/-)	7.74	7.44

The schedules referred to above, Notes on accounts (Schedule -21) and the Significant Accounting Policies annexed form an integral part of the Profit and Loss Account.


 K. VISWANATH
 COMPANY SECRETARY


 K. SEKAR
 DIRECTOR (FINANCE)


 A.R. ANSARI
 CHAIRMAN-CUM-MANAGING DIRECTOR

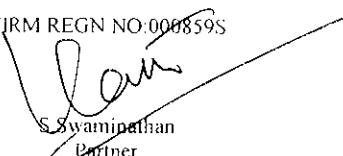
Place : Chennai

Date : 27-05-2011

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

For M/s GANESAN AND COMPANY
 Chartered Accountants

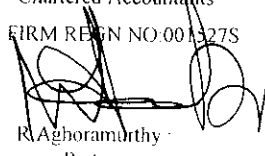
FIRM REGN NO:008859S


 S. Swaminathan
 Partner

M.NO-023998

For M/s. L.U. KRISHNAN & CO.
 Chartered Accountants

FIRM REGN NO:001327S


 R. Aghoramurthy
 Partner

M. NO 007595

Place : Chennai

Date : 27-05-2011



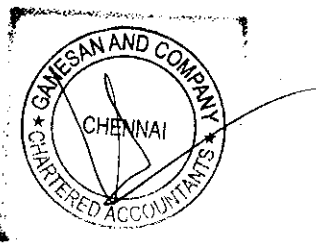
NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

SHARE CAPITAL

SCHEDULE-1

	As at 31st March 2011	As at 31st March 2010
Authorised		
2,00,00,00,000 Equity Shares of Rs.10 each	2000.00	2000.00
Issued, Subscribed and Paid Up		
1,61,31,86,300 Equity shares of Rs.10 each fully paid	1613.19	1613.19
6,01,50,000 Equity Shares of Rs.10 each issued by converting Government Loan into Equity	60.15	60.15
43,73,300 Equity Shares of Rs.10 each issued as fully paid for consideration other than cash	4.37	4.37
	1677.71	1677.71



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

RESERVES AND SURPLUS

SCHEDULE-2

	As at 01.04.2010	Additions	Withdrawal	As at 31.03.2011
Capital reserve vide Schedule 2A	2.37	0.00	0.00	2.37
Profit and Loss Account	7799.40	1313.84	624.28	8488.96
Kfw Interest Differential Reserve:				
Sub Account No - I	124.53	30.81	12.83	142.51
Sub Account No - II	93.66	0.00	2.73	90.93
General Reserve	597.00	130.00	0.00	727.00
Bond redemption reserve	30.00	15.00	0.00	45.00
	8646.96	1489.65	639.84	9496.77

CAPITAL RESERVES

SCHEDULE-2A

	As at 01.04.2010	Additions	Withdrawal	As at 31.03.2011
CAPITAL GRANTS:				
USTDA Grant	1.51	0.00	0.00	1.51
Fly Ash Housing Grant	0.02	0.00	0.00	0.02
Plant Renovation Grant	0.14	0.00	0.00	0.14
Safety Investigation System	0.70	0.00	0.00	0.70
	2.37	0.00	0.00	2.37



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

SECURED LOANS

SCHEDULE-3

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

The Rupee Term Loan of Rs.3750 crores is secured by pari passu charge on project fixed assets of the parent financed.

The term loan of Rs.2500 crores is secured by pari passu charge on project of the subsidiary financed

** 6000,8.83% 10 Years, Secured, Redeemable, Taxable Non-convertible Bonds in the nature of Debentures of Rs.10 lakh each secured by way of pari passu charge on the present and future fixed assets of Mine II Expansion Project, TS II Expansion Project, Barsingsar Mine and Thermal Power Station and exclusive charge on an immovable property. Redeemable on 23-01-2019.

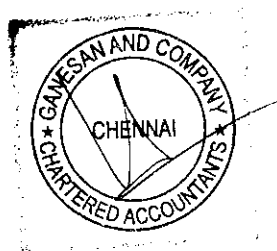
*Rural electrification corporation term loan had been prepaid during the year.

UNSECURED LOANS

SCHEDULE-4

Foreign Currency loan from KFW-Germany##		
85.44 Million Euro (88.68 Million Euro)	540.34	537.06
Foreign Currency loan from Credit Agricole Corporate and Investment bank -Singapore		
50 Million Euro (50 Million Euro)	316.20	302.80
	856.54	839.86
Repayable within one year	20.49	19.62

Guaranteed by the Government of India



NEVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)										SCHEDULE - 5	
FIXED ASSETS										(Rs. In Crore)	
Description	Gross Block					Depreciation		Net Block		As at 31.03.2011	As at 31.03.2010
	As at 01.04.2010	Additions Transfers	Disposals/ Trans./Adjl.	As at 31.03.2011	Upto 01.04.2010	Withdrawals/ Trans./Adjl.	For the Year	Upto 31.03.2011	As at 31.03.2011		
Land	330.34	87.43	0.00	417.78	0.00	0.00	0.00	0.00	417.78	330.34	
Lease hold land	48.36	0.00	0.00	48.36	4.30	0.00	1.61	5.91	42.45	44.06	
-Share of interest in Joint Venture	0.00	2.27	0.00	2.27	0.00	0.00	0.01	0.01	2.26	0.00	
Roads	39.95	5.06	0.00	45.01	10.47	0.00	1.05	11.52	33.49	29.48	
Buildings ++	256.30	29.92	0.00	286.22	108.81	0.00	5.33	114.15	172.07	147.49	
Elec. Installations	295.56	18.96	0.13	314.39	116.02	0.01	12.28	128.29	186.10	179.54	
Water Supply & Drainage	124.57	11.77	0.00	136.34	54.59	0.00	10.39	64.98	71.36	69.98	
Plant & Machinery *	9591.49	1828.50	73.69	11346.30	6035.05	67.47	371.16	6338.74	5007.56	3556.42	
Furniture & Equipments	59.45	4.45	1.57	62.33	38.01	1.36	3.10	39.75	22.58	21.44	
-Share of interest in Joint Venture	0.02	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.02	0.02	
Vehicles	78.78	11.66	6.74	83.69	46.43	6.37	6.54	46.61	37.08	32.35	
Assets Costing Rs.5000 and below	5.47	0.31	0.02	5.76	5.47	0.01	0.30	5.76	0.00	0.00	
Intangible assets software	5.97	3.23	0.00	9.20	3.77	0.00	2.26	6.03	3.17	2.20	
	10836.26	2003.57	82.16	12757.67 #	6422.92	75.22	414.03	6761.74	5995.92	4413.32	
Mine Development											
Mine-I	464.33	0.00	0.00	464.33	179.34	0.00	15.53 @	194.87	269.45	284.98	
Mine-IA	121.71	0.00	0.00	121.71	21.31	0.00	2.72 @	24.03	97.68	100.40	
Mine-II	441.51	9.91	0.00	451.42	74.37	0.00	10.84 @	85.22	366.21	367.14	
Barsingar Mine	117.54	5.60	0.00	123.14	0.05	0.00	0.95	1.01	122.13	117.49	
Total	11981.34	2019.08	82.16	13918.26	6698.00	75.22	444.08	7066.87	6851.39	5283.33	
Previous Year	10893.48	1112.51	24.66	11981.33	6390.41	22.99	330.58	6698.00	5283.33		

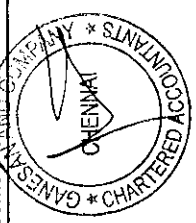
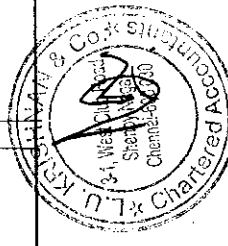
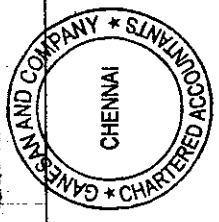
Includes assets belonging to Ministry of Coal obtained under Coal S&T Projects.

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

Includes Assets non commissioned amounting to Rs. 1726.57 Crs (Previous year Rs.96.01 Crs) represents Barsingar Thermal Plant Assets.

which is under test and trial run, hence no depreciation is charged.

@ Represents provisions for amortisation



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

INVESTMENTS

SCHEDULE-6

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

INVENTORIES

SCHEDULE-7

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



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

	(Rs.in Crore)	
SUNDRY DEBTORS	SCHEDULE-8	
	As at 31st March 2011	As at 31st March 2010
Unsecured		
Considered Good		
More than six months	701.23	455.43
Others	1501.16	1156.19
Considered Doubtful	2.87	2.85
	2205.26	1614.47
Less: Provision for Doubtful Debts	2.87	2.85
	2202.39	1611.62

CASH AND BANK BALANCES	SCHEDULE-9	
Cash and Cheques on hand	0.03	0.66
With Scheduled Banks		
In Current Accounts	20.36	59.97
- Share of interest in Joint Venture	0.01	0.00
Unpaid Dividend Account	0.86	1.28
In Fixed Deposits		
Short-term Deposits	4400.21	4763.39
- Share of interest in Joint Venture	2.34	1.13
Staff Security Deposit	0.01	0.01
Endowment Fund in the name of Neyveli Lignite Corporation Schools	0.17	0.17
	4423.99	4826.61



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)
SCHEDULE-10

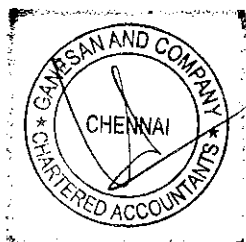
OTHER CURRENT ASSETS

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

LOANS AND ADVANCES

SCHEDULE-11

Advances recoverable in cash or in kind or for value to be received			
Secured		80.76	85.44
Unsecured			
Considered good		164.63	94.01
-Share of interest in Joint Venture		0.01	0.08
Considered doubtful		3.12	3.36
		<u>248.52</u>	<u>182.89</u>
Less: Provision for doubtful advances		3.12	3.36
		245.40	179.53
Prepaid Expenses		3.39	5.01
Advance Income tax	1244.31		1727.97
Less : Provision for taxation	933.09	311.22	1328.96
Deposit with Central Excise, Port Trust and Customs authorities		0.04	0.26
		<u>560.05</u>	<u>583.81</u>
1. a. Due by Officers		-	-
b. Maximum amount due at any time during the year		-	-
2. a. Due by Directors		-	-
b. Maximum amount due at any time during the year		-	-



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in crore)

CURRENT LIABILITIES & PROVISIONS

SCHEDULE - 12

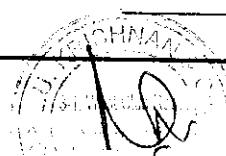
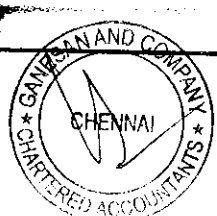
	As at 31st March 2011	As at 31st March 2010
A. Current Liabilities		
Sundry creditors and accrued expenses	1109.80	1177.02
- Share of interest in Joint Venture	0.11	0.10
Mine closure	108.94	491.40
Capital works and purchases	721.47	588.50
Other liabilities	225.15	279.95
- Share of interest in Joint Venture	3.87	0.00
Unutilised revenue grant	3.94	6.21
Unclaimed dividend	0.86	1.28
Staff security deposit	0.01	0.01
Interest accrued but not due		
- Neyvli Bonds	9.87	9.87
- Credit Agricole Corporation and Investment bank	1.17	0.96
- Kfw	1.01	1.01
- REC Loan	0.00	0.08
	<u>2186.20</u>	<u>2556.39</u>
B. Provision		
Provision for accrued earned leave	96.06	143.41
Provision for half pay leave	30.35	70.33
Provsion for short-term benefit of earned leave	4.36	3.43
Provision for short-term benefit of half pay leave	2.57	1.95
Prpvision for Gratuity	0.00	141.37
Provision for contingencies	54.82	44.82
Provision for post retirement medical benefit	12.45	11.48
Provision for loss on assets	0.86	0.86
Provision for proposed final dividend	385.87	167.77
Provision for proposed final dividend tax	62.60	27.86
	<u>649.94</u>	<u>613.28</u>

MISCELLANEOUS EXPENDITURE

SCHEDULE-12A

(To the extent not written off or adjusted)

Preliminary project expenditure	53.46	48.03
- Share of interest in Joint Venture	0.08	0.08
Advance over burden removal expenditure	34.55	55.27
Total	88.09	103.38
Less: Provision	34.88	4.21
	<u>53.21</u>	<u>99.17</u>



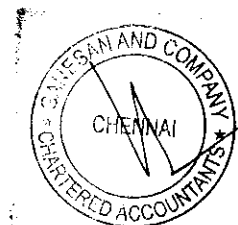
NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

SALES

SCHEDULE-13

Products	Unit	For the Year ended		For the Year ended	
		31st, March 2011		31st, March 2010	
		Quantity	Value	Quantity	Value
		(Rs.in Crore)		(Rs.in Crore)	
Gross Sales					
Power	MU	14971	3,655.72	14828	3,813.81
Lignite	LT.	22	339.25	22	316.35
Miscellaneous			2.17		0.51
			3997.14		4130.67
Less:Excise duty			0.48		0.01
Net Sales			3996.66		4130.66
Less:Transfer to Capital Expenditure Accounts			47.58		9.64
			3949.08		4121.02

MU-Million units , LT- Lakh Tonnes



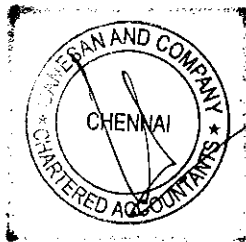
NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

OTHER INCOME

SCHEDULE-14

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



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

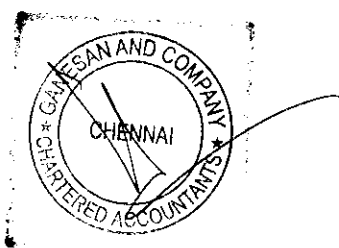
INCREASE / DECREASE (-) IN STOCKS

SCHEDULE-15

Products	Unit	For the Year ended 31 st March 2011		For the Year ended 31 st March 2010	
		Quantity	Value (Rs.in Crore)	Quantity	Value (Rs.in Crore)
A. OPENING STOCKS					
Raw Materials					
Lignite	L.T.	5	49.40	9	87.73
Less: transfer to capital account			1.49		9.62
			<u>47.91</u>		<u>78.11</u>
B. CLOSING STOCKS					
Raw Materials					
Lignite *	L.T.	6	54.55	5	49.40
Less: transfer to capital account			0.00		1.49
			<u>54.55</u>		<u>47.91</u>
Opening Stocks			47.91		78.11
Less: Closing Stocks			<u>54.55</u>		<u>47.91</u>
Increase/Decrease (-) in Stocks			<u>6.64</u>		<u>-30.20</u>

L.T-Lakh Tonnes

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



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

EMPLOYEES' REMUNERATION AND BENEFITS

SCHEDULE-16

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

INTEREST

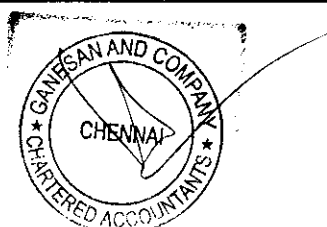
SCHEDULE-17

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

DEPRECIATION

SCHEDULE-18

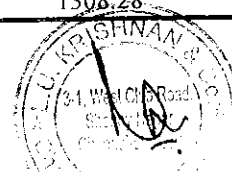
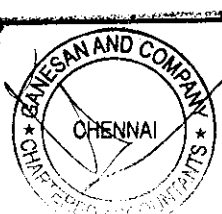
Fixed Assets	387.87	302.58
- Share of interest in Joint Venture	0.01	0.00
Mine Development and other amortisations	30.05	25.97
	<u>417.93</u>	<u>328.55</u>
Less: Transfer to Capital Expenditure Accounts	4.96	74.58
Transfer from Grants	0.10	0.08
	<u>412.87</u>	<u>253.89</u>



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NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

OTHER EXPENSES	(Rs.in Crore)	
	SCHEDULE-19	
	For the Year ended 31st, March 2011	For the Year ended 31st, March 2010
Consumption of stores and spares	447.97	465.51
Fuel	85.16	51.66
Mine closure	0.00	92.19
Advance OB removal charge off	20.73	6.91
Excise duty	3.14	0.00
Rent	0.67	0.48
- Share of interest in Joint Venture	0.01	0.00
Rates and taxes		
Electricity tax	1.22	1.23
Clean Energy Cess	85.22	0.00
Others	3.53	5.99
Power Charges	2.35	0.00
Water Charges	0.82	0.00
Wealth Tax	0.31	0.17
Repairs and Maintenance		
Plant and Machinery	90.81	79.76
Buildings	13.87	13.88
Others	131.55	114.32
- Share of interest in Joint Venture	0.03	0.00
Out sourcing of Overburden Removal	52.63	50.18
Insurance	3.45	0.75
Payments to auditors		
Audit fees	0.13	0.12
Tax Audit fees	0.06	0.06
Other Certification Fees	0.05	0.05
Reimbursement of expenses	0.02	0.03
Travelling expenses	13.25	9.21
- Share of interest in Joint Venture	0.04	0.04
Training expenses	2.34	2.63
Family Welfare expenses	2.17	1.61
Guarantee Fees Kfw loan	6.44	7.44
Selling expenses		
Discounts	54.87	52.63
Afforestation expenses	9.57	5.95
Fixed assets written off	0.00	0.05
Provision for Contingencies	10.00	10.00
Provision for stores & materials	2.67	4.40
Provision for Doubtful debts/advances	0.33	0.05
Provision for preliminary expenses	30.66	0.36
Royalty	160.92	157.26
Central Industrial Security Force expenses	50.70	46.56
Corporate Social Responsibility Expenses	13.24	8.19
Miscellaneous expenses	53.51	52.64
	<u>1354.44</u>	<u>1242.31</u>
Less: Transfer to Capital Expenditure Accounts	44.27	64.16
Transfer from Grant	1.89	1.59
	<u>1308.28</u>	<u>1176.56</u>



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)

(Rs.in Crore)

PRIOR PERIOD ADJUSTMENTS

SCHEDULE-20

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

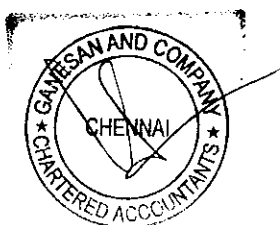
Note:(-)indicates debit



NEYVELI LIGNITE CORPORATION LIMITED
NOTES ON ACCOUNTS (Consolidated)

(Rs. in Crore)
SCHEDULE-21

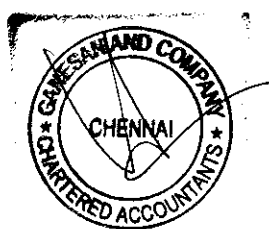
Sl. No	Subject in Brief	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
1.	A. Contingent liability exists in respect of : a. Guarantees issued by the company b. Additional customs duty, on final assessment of goods released on bond. c. Labour Court cases B. Claims against the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



NEYVELI LIGNITE CORPORATION LIMITED
NOTES ON ACCOUNTS (Consolidated)

(Rs. In Crore)
SCHEDULE-21

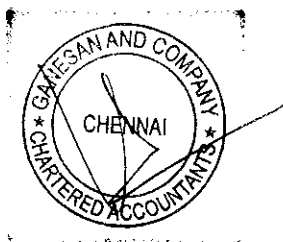
Sl. No	Subject in Brief	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
9.	Deferred tax liability comprises the following: a) Deferred tax liability: Related to Depreciation b)Deferred tax Assets: Provisions, etc. c) Net Deferred tax liability (a-b)	611.95 32.57 579.38	679.95 109.52 570.43
10.	Borrowing cost capitalised during the year a) Interest and commitment charges b) Exchange rate difference arising from foreign currency loan	257.72 19.67	281.64 (12.38)
11.	Disclosure under Accounting Standard 15 on Employee Benefits : 1. Disclosure in respect of Defined benefit obligations in respect of Gratuity Fund: i. The actuarial gain or losses will be recognised in the year of occurrence ii. The LIC Group Gratuity Fund maintains the defined benefit plan. Contribution is made to the fund based on the actuarial valuation done at the year-end. iii. The amounts recognised in the balance sheet are as follows: Present Value of funded obligations Fair value of plan assets Unrecognised past service cost Net liability in the Balance Sheet * (Does not include Rs.141.37 crore towards liability on increase in pay revision provided for) iv. The amounts recognised in the Statement of profit and loss are as follows: Current Service Cost Interest on obligation Expected return on plan assets Net actuarial losses (gains) recognised in the year Total included in employee benefit expense Includes liability on pay revision provision accounted in 2009 -10 (Previous Year figure includes adjustment towards pay revision arrears accounted in earlier years) Actual return on plan assets	603.98 603.98 0.00 0.00 4.16 33.03 44.62 176.54 169.11 44.63	412.87 414.20 0.00 0.00 * 3.17 20.95 26.11 130.24 128.24 31.55



NEYVELI LIGNITE CORPORATION LIMITED
NOTES ON ACCOUNTS (Consolidated)

(Rs. in Crore)
SCHEDULE-21

Sl. No	Subject in Brief	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
	v. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:		
	Opening defined benefit obligation	412.87	270.65
	Service cost	4.16	3.17
	Interest cost	33.03	19.65
	Actuarial losses (gains)	177.44	136.97
	Benefits paid	-23.51	-17.58
	Closing defined benefit obligation	603.99	412.87
	vi. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
	Opening fair value of plan assets	414.20	270.14
	Expected return	44.62	26.02
	Actuarial gains and (losses)	0.90	5.53
	Contributions by employer	167.78	130.09
	Benefits paid	23.51	17.58
	Closing fair value of plan assets	603.99	414.20
	vii. Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
	Discount rate per annum	8.0	7.5
	Expected return per annum on plan assets	8	8
	Salary Escalation per annum	5	9
	Retirement Age	60 years	60 years
	Mortality	LIC 1994-96	LIC 1994-96
	Attrition rate	1-3%	1-3%

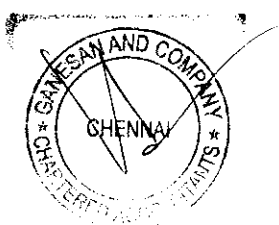


NEYVELI LIGNITE CORPORATION LIMITED
NOTES ON ACCOUNTS (Consolidated)

(Rs. in Crore)

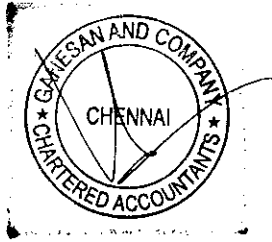
SCHEDULE-21

Sl. No	Subject in Brief	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
	2. Disclosure in respect of Defined contribution plan in respect of Post Retirement Medical Benefit Scheme:		
	i. Amount recognized in the profit and loss account as premium paid to the insurance company	10.62	7.79
	ii. Liability Provided for the fixed Medical Assistance	6.25	6.01
12.	Details of contingency provisions:		
	Description	Opening	Addn.
	Withdrawal	Closing	
	Interest on disputed tax deducted at source	16.58	-
	Provision for Barsingsar Mine Development Expenditure incurred in earlier year.	18.24	-
	Provision for arbitration	10.00	10.00
		-	20.00
13.	As per the accounting policy of the Corporation, surcharge recoverable from Electricity Boards on the belated settlement of the power bill, amounting to Rs. 9.66 crore (previous year Rs. 116.83 crore) has not been reckoned as income since there is uncertainty in realisation. The same will be accounted on certainty of realisation.		
14.	Details relating to consumption of raw materials, stores and spares, licensed and installed capacities, production, etc., are furnished in the Annexure to Schedule-21.		
15.	i) Principal amount remaining unpaid to any supplier belonging to Micro, Small and Medium Enterprises as at the end of the year Rs. 2.74 crore (Previous year Rs. 3.04 crore)		
	ii) Amount of Interest due and payable for the period of delay in making payment but without adding the interest specified under this Act Rs. 0.12 crore.		
16.	As per the accounting policy, pending determination of power tariff by Central Electricity Regulatory Commission (CERC), tariff rate has been provisionally accounted based on the Ministry of Coal Guideline on the lignite transfer price for energy charges and other relevant parameters for capacity charges. On account of this an amount of Rs. 847.32 crore (Previous Year Rs.805.34 crore) has been reckoned as sale of power for which the bill will be raised on receipt of CERC order.		
17.	Revision in capacity charges of power tariff and transfer price of lignite for energy charges of power tariff on account of "truing up" (i.e., adjustments based on actuals as against projected) to the actual of the normative, wherever and whenever applicable and inclusion of Mine II expansion expenditure will be considered on receipt of Central Electricity Regulatory Commission's (CERC) Orders in accordance with Ministry of Coal (MOC) guidelines and CERC Regulations.		
18.	During the year the MOC approved Mine Closure Plans effective from 01.04.2004. Pursuant to this, the provision created in earlier years has been reversed to the extent of Rs. 382.45 crore, after netting of current year provision of Rs.17.97 crore, power sales has been reduced by Rs. 340.72 crore (being adjustment relating to earlier years) and lignite sales has been reduced by Rs.6.15 crore (being adjustment relating to earlier years) and Interest payable to the beneficiaries has been reckoned at Rs.53.38crore (Rs.0.64 crore pertains to current year).		



19.	Stocks of stores, spares, raw materials and finished goods are under hypothecation for cash credit facilities arranged with State Bank of India.
20.	Advances, Sundry Debtors and Sundry Creditors have been linked with corresponding credits/debits to the extent practicable. Balances due in respect of sundry debtors, advances and amounts due to creditors are subject to confirmation.
21.	Profit after tax - Rs. 1298.28 crore Numbers of shares - 167,77,09,600 Face value of share - Rs. 10/-
22.	There is no impairment loss identified other than disposable/dismantled assets for which provision of Rs.1.95 crore has been created as per Accounting Standard-28
23.	Figures of the previous year have been re-grouped wherever necessary.

NQ – NOT QUANTIFIABLE / NOT QUANTIFIED

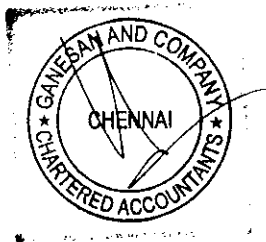


NEYVELI LIGNITE CORPORATION LIMITED (Consolidated)

ANNEXURE REFERRED TO IN SCHEDULE-21

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

- a. Company Name : M/s MNH Shakti Ltd.
- b. Registered Office : Anand Vihar ,
PO Jagruti Vihar,
Sambalpur District,
Orissa.
- c. Joint Venture / Interest :
- | | |
|--|-------|
| 1. M/s Mahanadi Coal fields Ltd. | - 70% |
| 2. M/s Neyveli Lignite Corporation Ltd | - 15% |
| 3. M/s Hindalco Industries Ltd | - 15% |



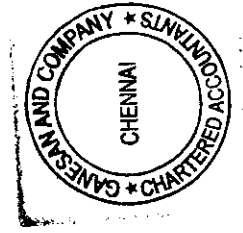
NEYVELI LIGNITE CORPORATION LIMITED - NEYVELI
(CONSOLIDATED)

ANNEXURE - VII SEGMENTWISE RESULTS FOR THE YEAR 2010-11

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

Note:

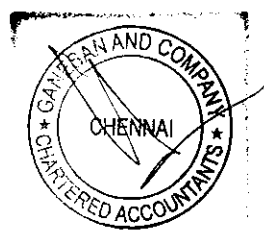
1. Since the business operation is within India the secondary disclosure does not arise
2. The inter-segment transfers are priced on cost plus profit basis.
3. Allocation of
 - i) storage charges on the basis of material drawal
 - ii) Common charges and social overhead on the basis of salaries & wages,
 - iii) Sales Orgn. Expenses on the basis of actual sales and
 - iv) Service Centres Assets & Liabilities are apportioned among the Segments on the basis of the service rendered.



NEYVELI LIGNITE CORPORATION LIMITED (CONSOLIDATED)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Rs. In Crores)

	For the Year ended 31st March 2011	For the Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax, Extraordinary Items & P.P.T	1687.99	1601.69
Adjustments for :		
Less:		
Profit on Disposal of Asset	4.00	3.30
Interest Income	495.14	515.38
	<u>499.14</u>	<u>518.68</u>
Add:		
Depreciation	412.87	253.89
Advance OB removal charge off	20.73	6.91
Other non cash charges	-186.88	17.34
Interest charged to P&L A/c	159.07	33.58
	<u>405.79</u>	<u>311.72</u>
Operating Profit before working capital changes	<u>1594.64</u>	<u>1394.73</u>
Adjustments for :		
Trade and other receivables :		
Sundry Debtors	-590.79	-826.06
Loans & Advances	-63.79	-13.38
Inventories & other current assets	12.40	29.19
Trade Payables	-500.60	375.92
Cash Flow generated from Operations	<u>451.86</u>	<u>960.40</u>
Direct Taxes paid	-289.49	-431.40
Cash Flow Before Exordinary Items & P.P.T	<u>162.37</u>	<u>529.00</u>
Exordinary items	0.00	0.00
Prior Period Transactions	22.67	5.06
Capital Grants received	0.00	0.00
Capital Grants utilised	-2.17	-2.17
Net Cash from operating activities	<u>182.87</u>	<u>531.89</u>
B. Cash-flow from investing activities:		
Purchase of Fixed Assets/ Preliminary expenses	-1352.87	-1091.65
Sale of Fixed Assets/Projects		
From continuing operations	11.14	4.93
Sale/Purchase of Investments	103.19	103.20
Interest Received	482.01	540.28
Net Cash used in investing activities	<u>-756.53</u>	<u>-443.24</u>



C. Cash flow from financing activities:

Long Term Borrowings (Net)	764.76	138.93
Interest paid	-419.67	-317.10
Share Capital Purchased	22.00	22.00
Dividend (including Dividend Tax)	-196.05	-588.2
Net Cash used/received in financing activities	171.04	-744.37
Net increase, decrease(-) Cash and Cash equivalents	-402.62	-655.72
Cash and cash equivalents as at the beginning of the year	4826.61	5482.33
Cash and cash equivalents as at the end of the year	4423.99	4826.61


NOTE : (-) INDICATES CASH OUTFLOW.

DETAILS OF CASH AND CASH EQUIVALENTS:

	AS ON 31ST MAR 2011	AS ON 31ST MAR 2010
CASH IN HAND	0.03	0.66
CASH AT BANK IN CURRENT ACCOUNT	21.23	61.25
CASH AT BANK IN DEPOSIT ACCOUNT	4402.55	4764.52
TOTAL	4423.81	4826.43

For and on behalf of the Board


K. VISWANATH
COMPANY SECRETARY

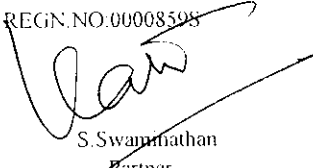

K. SEKAR
DIRECTOR (FINANCE)


A. R. ANSARI
CHAIRMAN -CUM -MANAGING DIRECTOR

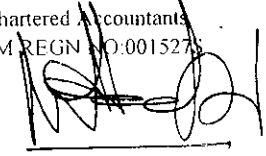
Place :Chennai,
Date: 27-05-2011

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

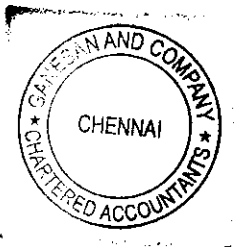
For M/s. GANESAN AND COMPANY,
Chartered Accountants
FIRM REGN. NO.00008398


S. Swaminathan
Partner
M.NO:23998

For M/S I. U KRISHNAN & CO.
Chartered Accountants
FIRM REGN. NO.0015275


R. Aghoramurthy
Partner
MNO: 007595

Place :Chennai,
Date: 27-05-2011



**JAYVELI LIGNITE CORPORATION LIMITE NEYVELI
APPENDIX-**

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

(Rs. In Crores)

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

Note:

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



DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Prospectus contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Shri B. Surender Mohan Chairman-cum-Managing Director	
Shri R. Kandasamy Director (Planning & Projects)	
Shri Sarat Kumar Acharya Director(Human Resource)	
Shri S.K. Roongta Independent Director	
Shri L.N. Vijayaraghavan Independent Director	
Shri A.P.V.N. Sarma Independent Director	
Shri M.M. Sharma Independent Director	
Shri R.K. Mishra Independent Director	
Shri V. Murali Independent Director	
Shri N.S. Palaniappan Non-executive Director	
Shri Rakesh Kumar Director (Finance)	
Shri M.B.N.Rao Independent Director	
Shri M.S. Ravindranath Independent Director	
Dr. A.K. Dubey Non-executive Director	
Shri S.Rajagopal Director (Power)	
Shri Rakesh Kumar Director (Finance)	
Shri K.Viswanath Company Secretary	

Date: August 3, 2013

Place: Chennai



DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Prospectus contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE SELLING SHAREHOLDER

Name	Signature
Shri Hemant Jain	
Designation: Director On behalf of the President of India, acting through the Ministry of Coal, Government of India	

Date: August 3, 2013

Place: Chennai



Registered Office of the Company		
Neyveli Lignite Corporation Limited Neyveli House, 135 Periyar EVR High Road Kilpauk, Chennai 600 010		
Joint Statutory Auditors to the Company		
M/s L.U. Krishnan & Co. Chartered Accountants Sam's Nathaneal Tower 3-1 West Club Road, Shenoy Nagar, Chennai 600 030	M/s. Sreedhar, Suresh & Rajagopalan Chartered Accountants 3B, No.26, Green Haven, 3 Main Road Gandhi Nagar, Adyar Chennai 600 020	
Book Running Lead Managers		
Credit Suisse Securities (India) Private Limited 9 th Floor, Ceejay House Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018	ICICI Securities Limited ICICI Centre, HT Parekh Marg Churchgate Mumbai 400 020	SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005
Syndicate Member		
SBICAP Securities Limited Mafatlal Chambers, 2nd Floor C Wing, N M Joshi Marg Lower Parel Mumbai 400 013		
Registrar to the Issue	Public Issue Account Bank	
Integrated Enterprises India Limited II Floor, Kences Towers, 1 Ramakrishna Street, Off North Usman Road T Nagar, Chennai Tamil Nadu, 600 017	State Bank of India[#] <i>[#] The SEBI registration certificate of State Bank of India expired on November 30, 2012. As required under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, an application dated October 13, 2012 for permanent registration was made by State Bank of India to SEBI. The approval of SEBI is awaited.</i>	
Domestic Legal Counsel to the Issuer	Counsel to the Book Running Lead Managers	
Link Legal India Law Services Thapar House, Central wing, First Floor 124 Janpath New Delhi 110 001	Amarchand & Mangaldas & Suresh A. Shroff & Co. Peninsula Chambers 2 nd floor, ASV Peninsula Corporate Chamiers Square Park 87/48 Chamiers Road Ganpatrao Kadam Chennai 600 028 Marg Lower Parel Mumbai 400 013	