

NEYVELI LIGNITE CORPORATION LIMITED

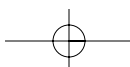
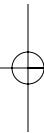
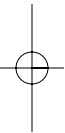
Annexure -3

**Comments of the Comptroller and Auditor General of India
under Section 619(4) of the Companies Act, 1956 on the accounts of
Neyveli Lignite Corporation Limited,
for the year ended 31st March 2003.**

In view of the revision made in the accounts as a result of the observations made by the Comptroller and Auditor General of India as indicated in item No.24 of Schedule 22 - Notes on Accounts, there are no further comments to offer upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the accounts of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March 2003.

Chennai - 600 034.
Date : 13.08.2003

U. SANKAR
Principal Director of Commercial Audit and
Ex-Officio Member Audit Board, Chennai - 600 034.





Annexure -4

**REVIEW OF ACCOUNTS OF NEYVELI LIGNITE CORPORATION LIMITED
FOR THE YEAR ENDED 31ST MARCH 2003 BY THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA**

(Note : Review of Accounts has been prepared without taking into account comments under Sec.619(4) of Companies Act, 1956 and qualifications contained in the Statutory Auditors' Report.)

1. FINANCIAL POSITION:

The table below summarises the financial position of the Company under the broad headings for the last three years.

	(Rs. In lakhs)		
LIABILITIES	2000-2001	2001-2002	2002-2003
a) Paid up Capital			
(i) Government	156963.99	156963.99	156963.99
(ii) Others	10806.97	10806.97	10806.97
(b) Reserves and Surplus			
(i) Free Reserve and Surplus	329031.25	340535.24	428878.09
(ii) Capital Reserves	127.89	183.02	167.66
(c) Borrowings			
(i) From Govt. of India	46937.00	0.00	0.00
(ii) Cash Credit/Others	75616.43	86631.02	98677.88
(iii) From Bonds	0.00	40000.00	40000.00
(iv) Interest accrued and due	4731.70	0.00	0.00
(d) (i) Current Liabilities and Provisions	115258.07	81090.68	95737.67
(ii) Provision for gratuity	1318.55	0.00	0.00
(e) Deferred Tax Liability	--	56056.10	54578.33
Total	740791.85	772267.02	885810.59
ASSETS			
(f) Gross Block	569935.91	600874.41	787037.37
(g) Less: Cumulative Depreciation	308874.27	342359.21	374058.78
(h) Net Block	261061.64	258515.20	412978.59
(i) Capital work-in-progress	156258.91*	201221.41	73042.17
(j) Investments	59500.00	49800.00	59500.00
(k) Current Assets, Loans and Advances	262916.53	260439.44	338228.29
(l) Deferred Tax Assets	----	----	----
(m) Miscellaneous expenditure to the extent not written off	1054.77	2290.97	2061.54
(n) Accumulated loss	-----	-----	----
Total	740791.85	772267.02	885810.59
(o) Working Capital {k-d(i&ii)-c(iv)}	141608.21	179348.76	242490.62
(p) Capital employed (h+o)	402669.85	437863.96	655469.21
(q) Net worth (a+b(i)-n-m)	495747.44	506015.23	594587.51
(r) Net worth per rupee of paidup Capital (q/a)	2.95	3.02	3.54

* Capital work-in-progress includes project under sale Rs. 4308.64 lakhs



NEYVELI LIGNITE CORPORATION LIMITED

2. SOURCES AND UTILISATION OF FUNDS:

Sources of Funds		(Rs. In lakhs)
(a) Funds from operation		
Profit after tax and dividend	86865.09	
Add: Depreciation	31699.57	
Less: Appropriation of Capital Grants utilised for renovation of assets	15.36	118549.30
(b) Increase in Borrowed funds		12046.86
(c) Decrease in Misc. expenses		229.43
Total		130825.59
Utilisation of Funds		
(a) Increase in Fixed Assets	186162.96	
Less: Decrease in Capital Work-in-Progress	-128179.24	57983.72
(b) Increase in Working Capital		63141.87
(c) Purchase of Investments		9700.00
Total		130825.59

3. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under :-

	(in Percentage)		
	2000-2001	2001-2002	2002-2003
A. Current Ratio :			
Current assets to current liabilities & provisions and interest accrued and due but excluding provision for gratuity { $k/(d)(i)+c(iv)$ }	216.73	321.00	353.29
B. Debt equity Ratio :			
Long term debt to equity { $c(I$ to $iii)$ excluding cash credit/ q }	23.79	25.03	23.30
C. Profitability Ratios :			
a. Profit before tax to			
(i) Capital employed	19.47	27.37	25.75
(ii) Net Worth	15.82	23.69	28.39
(iii) Sales	35.66	53.58	62.94
b. Profit after tax to equity	43.27	48.83	68.45
c. Earning per share (in Rupees)	4.33	4.88	6.85

4. WORKING CAPITAL:

The working capital increased from Rs.141608.21 lakhs in 2000-2001 to Rs.179348.76 lakhs in 2001-2002 and increased to Rs. 242490.62 lakhs in 2002-2003.





5. WORKING RESULTS :

The working results of the Company in the last three years are given below:

	(Rs. In lakhs)		
	2000-2001	2001-2002	2002-2003
a) Sales	219902.68	223695.06	268147.71
b) Profit before tax	78418.44	119853.26	168783.49
c) Profit after tax	72592.15	81919.77	114840.18
d) Closing Stock of Finished goods	2871.25	2519.39	125.82
e) Percentage of finished goods to sales	1.31	1.13	0.05
f) Value of Production	221886.41	223348.76	265728.78

The increase in profit before tax during 2002-2003 can be mainly attributed to increase in sales and other income.

6. INVENTORY LEVELS:

The inventory levels at the end of last three years are given below :

	(Rs. In lakhs)		
	2000-2001	2001-2002	2002-2003
(i) Raw Materials	1700.17	3083.75	3492.49
(ii) Stores and Spares	40902.58	34063.32	31440.65
(iii) Stock in process	57.27	62.83	37.47
(iv) Finished Goods	2871.25	2519.39	125.82
(v) Other materials	117.21	80.88	45.76

7. SUNDRY DEBTORS :

The Sundry debtors vis-à-vis sales in the last three years are given below:

(Rs. In lakhs)					
As on	Debtors considered good	Debtors Considered doubtful	Total Debtors	Sales	Percentage of Sundry Debtors to sales
31-03-2001	84370.35	404.40	84774.75	219902.68	38.55%
31-03-2002	142647.12	480.79	143127.91	223695.06	63.98%
31-03-2003	244899.27	1726.37	246625.64	268147.71	91.97%

The Age-wise breakup of the sundry debtors as on 31-03-2003 is under :

	Amount (Rs. In lakhs)
(i) Sundry Debtors outstanding upto 1 year	105825.73
(ii) Sundry Debtors outstanding above 1 year but less than 2 years	38769.85
(iii) Sundry Debtors outstanding above 2 years but less than 3 years	97023.24
(iv) Sundry Debtors outstanding for 3 years and above.	5006.82
	246625.64

Chennai - 600 034.
Date : 13.08.2003

U.SANKAR
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board, Chennai.

