



## NLC INDIA LIMITED

(‘Navratna’ - A Government of India Enterprise)

Regd. Office: First Floor, No.8, Mayor Sathyamurthy Road,  
FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai-600 031  
Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.

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Lr.No.Secy/Reg.30 of LODR/2019

Dt. 01.08.2019

To The National Stock Exchange of India Ltd Plot No.C/1,G Block Bandra-Kurla Complex Bandra(E), MUMBAI-400 051.  <b>Scrip Code : NLCINDIA</b>	To The BSE Ltd, Phiroze JeeJeebhoy Towers Dalal Street Mumbai-400 001.  <b>Scrip Code : 513683</b>
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Dear Sir(s),

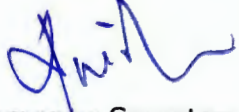
Sub: 63<sup>rd</sup> Annual General Meeting of the Company – Chairman’s Statement at the AGM  
– Copy forwarded.

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We enclose a copy of the Chairman’s Statement at the 63<sup>rd</sup> Annual General Meeting of  
the Company held on 01<sup>st</sup> August, 2019 for your information and record.

Thanking you,

Yours faithfully  
for NLC India Limited

  
Company Secretary

# **Chairman's Statement at the 63<sup>rd</sup> Annual General Meeting held on 1<sup>st</sup> August, 2019**

## **DISTINGUISHED SHAREHOLDERS,**

I am happy to welcome you all to the 63<sup>rd</sup> Annual General Meeting of your Company. The Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2019 together with the Auditors' Report, Comments of the C&AG and the Directors' Report have already been sent to you and with that I take them as read.

## **PERFORMANCE HIGHLIGHTS – 2018-19**

The highlights of physical and financial performance of your Company during the year 2018-19 are as below:

### **PHYSICAL**

- Total Lignite production from all Mines put together was 242.49 Lakh Tonnes (LT).
- Total Power Generation from all sources (Thermal, Solar & Wind) was 20676.18 Million Units (MU).
- Total Export of Power from all sources was 17505.30 MU.

### **FINANCIAL**

- The total revenue from operations registered for the year 2018-19 was Rs. 7145.92 crore.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT), for the year 2018-19 were Rs. 2135.87 crore and Rs. 1266.97 crore respectively.

### **OTHER HIGHLIGHTS:**

- Achieved the highest ever Consolidated Capex of Rs. 7208.16 crore and Standalone Capex of Rs. 3670.01 crore.
- Solar Power Projects to the tune of 403.56 MW have been commissioned during the year.
- Achievement of Thermal Plant Load Factor (PLF) of 71.95% against the National Average of 61.07%.
- Synchronisation of Unit 1 - 500 MW of Neyveli New Thermal Power Project (NNTPP) in March 2019, the first of its kind for this capacity in Lignite based Thermal plants in India.
- Wage revision for Non-executives implemented without third-party intervention and industrial disputes for the first time since inception.
- Continued to maintain lignite transfer price less than the price level approved by the Regulator, thereby benefitting the end consumers.

## **DIVIDEND**

I am very happy to inform you that the Board of Directors of your Company had declared and paid an Interim Dividend of 45.30% (Rs. 4.53 per equity share) and the same has been treated as the full and Final Dividend for the year 2018-19.

## **PERFORMANCE IN THE CURRENT YEAR – 2019-20 (APRIL 2019 TO JUNE 2019)**

During the current year up to June 2019, your Company has produced 43.77 LT of lignite as against the target of 41.29 LT for the quarter and the power generation (gross) for the first quarter was 5059.11 MU as against the MoU target of 5573.73 MU. I am happy to share that subsequent to the expiration of Power Purchase Agreement with TANGEDCO in respect of TPS-I, one of the oldest power plants in the Country, your Company has successfully started trading of power through Power Exchange.

During the current year, your Company has successfully commissioned 163 MW out of 709 MW of Solar Power Projects under implementation in the State of Tamilnadu, thereby increasing the overall renewable energy capacity to 857.56 MW.

## **SECTOR SCENARIO**

### **POWER**

For any country, the Power sector plays a vital role in the development of Socio – economic growth. The Indian Power sector is presently going through a major transformation with key initiatives undertaken by the Govt. of India particularly in the development of green energy. Over the years the power generated from renewable sources have increased manifold, however, it is anticipated that the power from fossil fuel would continue to be the dominant source of energy for the country for some more years.

The National Electricity Policy entailed provision of adequate reliable power at affordable cost with access to all citizens.

### **COAL AND LIGNITE**

#### **COAL RESERVES**

About 70% of the coal reserves of the country are from the States of Odisha, Jharkhand and Chhattisgarh. Coal is also produced from Mines available in the

States of Andhra Pradesh, Telangana, Madhya Pradesh, Maharashtra, Paschim Banga and Bihar.

As on 01.04.2018, the total estimated reserves of Coal in India was 318.27 Billion Tonnes (BT) out of which the proved category accounted for 148.78 BT.

### **LIGNITE RESERVES**

In India, lignite deposits are confined in the States of Tamil Nadu, Gujarat, Rajasthan, Puducherry, Jammu & Kashmir and Kerala where the coal is almost completely absent. Tamil Nadu contributes major share of lignite resources (80%). Major part of the lignite produced in the country is used for power generation and the demand for lignite is mainly dependent on existing and proposed thermal power stations.

### **DEMAND AND PRODUCTION**

As per the Report of the Working Group on Coal & Lignite for formulation of XII Five Year Plan, the projected demand of lignite at the terminal year of XIII Plan (2021-22) is 108.62 MT and projected lignite production during the same period is 104.55 MT. The Projected Demand of Coal at the terminal year of XIII Plan (2021-22) is 1113 MT and projected coal production during the same period is 1102 MT.

### **OUTLOOK**

Your Company is presently operating lignite mines with a total installed capacity of 30.60 MTPA and considering the other Projects under formulation / implementation, as per the Corporate Plan, the total Lignite mining capacity will be increased to 62.15 MTPA by the year 2025.

Regarding coal mining, Talabira II & III coal mine project of capacity 20.0 MTPA in the State of Odisha has been allocated in favour of your Company while the Pachwara South Coal Block in the State of Jharkhand with a capacity of 11.0 MTPA has been allotted to Neyveli Uttar Pradesh Power Limited (NUPPL), the Subsidiary Company. The above two projects aggregate to a coal mining capacity of 31.0 MTPA at the end of the year 2025.

Your Company as on date, is operating thermal power plants with an aggregate capacity of 3140 MW, wind power of 51 MW & solar power plants of 806.56 MW and thus aggregating to a total installed capacity of 3992.56 MW and including 1000 MW of its Subsidiary, the total installed capacity is 4992.56 MW.

Taking into consideration the power projects under formulation / implementation and also the envisaged acquisition of power assets, your Company is poised to grow to 21 GW power generating Company by the year 2025 including its Subsidiaries.

### **CARING FOR ENVIRONMENT**

Your Company practices and promotes the best Environment Management Plan and is committed to environment friendly mining and power generation. Your Company has already initiated steps to install Flue Gas Desulphurisation System in all the Power plants in order to comply with the guidelines issued by MoEF & CC, Government of India. In order to maintain the green belt your Company continues to plant extensive trees in and around Neyveli Township and production Units, which helps in maintaining clean environment, dust suppression, noise control, lowering of atmospheric temperature and maintaining ecological balance.

### **OPPORTUNITIES & CONCERNS**

- Government of India's (Gol) commitment to improve the quality of life of its citizens through higher electricity consumption
- Trading of Power in the Market
- Launch of 100 smart cities mission by Gol
- Rise in the per capita consumption of power
- Investment in promoting Green Energy

The following are the concerns being faced by your Company:

- Resistance from land owners for acquisition, demand for enhanced compensation, demand for employment
- Higher cost for rehabilitation & resettlement measures for land evictees
- Huge surrender of Power by the beneficiaries and consequent under utilisation of Thermal Capacity
- Necessity of pumping of water below the lignite seam for safe mining leading to higher cost of production
- Challenges posed by Renewable energy to Thermal Generation
- Delay in realisation of dues from beneficiaries

## **CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GOVERNANCE**

Your Company, as a socially responsible corporate citizen, continues to carry out developmental works in the surrounding villages, right from its inception, focusing on the socio-economic development of the operating regions for achieving inclusive growth. Your Company outlays funds for the CSR projects, programs and activities selected for implementation under the CSR Policy. The CSR Committee of the Board is monitoring the implementation of the CSR Projects. The Board of Directors reviews the same and it is ensured that your Company spends, in every financial year, atleast 2% of the average net profits of the Company for the last three years.

The various CSR initiatives undertaken by your Company during the year include water resource augmentation, providing roads and access to general public in the peripheral villages of Neyveli and Barsingsar and construction of Skill Development Centre, Sports Development Centre, Auditorium, infrastructure development in the peripheral villages for the benefit of the villagers.

Your Company believes in ethical governance and sustainable practices. As a good Corporate Citizen, your Company adheres to the Corporate Governance requirements and compliances of the same have been detailed in the report of Directors, which is a part of the Annual Report sent to Members of the Company.

### **NLCIL'S PART ON GOVERNMENT OF INDIA'S INITIATIVES:**

Your Company as a part of efforts towards Digital India inter-alia has taken the following initiatives:

1. Marching towards paperless office through E-Office implementation supported by digitization, leveraging electronic signatures, redacting confidential information with audit trails.
2. By implementing SAP for the core business, your Company is committed to a business transformation with re-defined and streamlined processes and new disciplines in operational level procedures.
3. Smart Cities Mission has been taken up to promote townships that provide core infrastructure with clean and sustainable environment and application of 'Smart' Solutions.
4. Payment gateway is being enabled for total cashless remittance from all stakeholders.
5. Procurement through Government e-market Place (GEM portal of Govt).

## **AWARDS & RECOGNITION**

I am happy to share with the Members that various awards have been conferred on your Company during the year 2018-19 which include:

- Prestigious “Brands of the Decade” award, in recognition of its Vision and Mission in accordance with an exigent business model for massive expansion projects spreading across India.
- Apex India CSR Excellence Award for its outstanding achievement in Corporate Social Responsibility at the Apex India Excellence Awards 2017 presentation.
- Best Enterprise Award 2019 instituted by National WIPS Forum.
- Bestowed with two coveted awards in the Organisational category namely “Best Development Programme in PSUs for Middle Management” and “Best Apprentices Development Programme” at World HRD Congress Ceremony.

## **INDUSTRIAL RELATIONS**

Industrial Relations generally remained harmonious and cordial throughout the year 2018-19.

During the year, Memorandum of Understanding (MoU) was reached between the Company and Recognised Trade Unions for Wage Revision w.e.f 01.01.2017. The above MoU was reached Bi-partite without any third party intervention. Further, the periodicity for the settlement is for 10 years as against 5 years as in the past. For the first time, the individual and also the Unit performance have been incorporated in the Unified Incentive Scheme evolved replacing four different Incentive Schemes. The above settlements were achieved without any strike/agitation which is for the first time in the history of the Company.

## **ACKNOWLEDGEMENT**

I wish to record my thanks to the Ministry of Coal, Ministry of Power, Ministry of New & Renewable Energy, Department of Public Enterprises, Department of Investment & Public Asset Management, Government of India for their continued support in all our endeavours and to other Ministries and Departments of Government of India. I wish to express my sincere thanks to the State Government of Tamil Nadu, Rajasthan, Uttar Pradesh, Odisha, Jharkhand, Andaman & Nicobar Islands Administration and Statutory Auditors for their support and co-operation. I also wish to thank State Electricity Boards/DISCOMs and other customers for their continued support to partner our progress.

I wish to place on record my appreciation for executives, supervisors and workmen of the Company for their hard work and dedication. I also thank Associations, Unions and Employees' representative bodies for their co-operation in maintaining good and cordial industrial relations.

I express my thanks to my colleagues on the Board for their valuable contribution and I take this opportunity to express my sincere thanks to all Investors who have reposed faith in the Company and continue to be its stakeholders.

Thank you.

**RAKESH KUMAR**  
**CHAIRMAN-CUM-MANAGING DIRECTOR**

Place: Chennai

Date: 01-08-2019