

NEYVELI LIGNITE CORPORATION LIMITED

MINUTES OF THE 57<sup>TH</sup> ANNUAL GENERAL MEETING OF NEYVELI LIGNITE CORPORATION LIMITED HELD AT 11-00 HOURS ON FRIDAY, THE 6<sup>TH</sup> SEPTEMBER, 2013 AT "SATHGURU GNANANANDA HALL", NARADA GANA SABHA, NO.314, T.T.K.ROAD, ALWARPET, CHENNAI-600 018.

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**PRESENT:**

Shri. B.Surender Mohan : Chairman-cum-Managing Director  
Shri. R.Kandasamy : Director & Member  
Shri. Sarat Kumar Acharya : Director  
Shri. Rakesh Kumar : Director  
Shri. S.Rajagopal : Director  
Shri. M.S.Ravindranath : Director & Member  
Shri. L.N.Vijayaraghavan : Director  
Shri. M.M.Sharma : Director  
Shri. V.Murali : Director  
Shri. R.K.Mishra : Director

Shri K.Viswanath : Company Secretary

The Annual General Meeting was attended by 3551 Members including Shri.Anurag Kapil, Director, Ministry of Coal, the representative of the President of India and 70 proxies recorded their presence. Shri.V.Suresh of M/s.Sreedhar, Suresh & Rajagopalan Chartered Accountants, Chennai and Shri. S.Jothirajan of M/s.L.U.Krishnan & Co., Chartered Accountants, Chennai, the Statutory Auditors of the Company attended the meeting.

The Chairman after ascertaining the presence of requisite quorum, called the Meeting to order. The Chairman welcomed the Members present and informed that the Register of Members, Register of Directors' Shareholdings and Minutes Book of Annual General Meeting are available for inspection by any Members till the conclusion of the Annual General Meeting.

With the permission of the Members present, the notice convening the Meeting and the Audited Accounts for the year 2012-13 were taken as read.

Shri K.Viswanath, Company Secretary read the Statutory Auditors' Report for the year 2012 -13.

The Chairman, in his address to the Members, gave a brief account of coal and lignite reserves in the country, all India installed capacity of power generation and Government of India's policy initiatives to accelerate the growth in the power sector.



The Chairman highlighted the performance of the Company during the financial year 2012-13 and also informed that the Company had achieved the highest ever performance in overburden removal, lignite production, generation, export of power, Sales turnover, Profit before tax and Profit after tax.

The Chairman also highlighted the performance both in terms of physical and financial during the current financial year 2013-14 from April 2013 to July 2013 and also the details of current power sales dues from DISCOMs of state governments.

The Chairman, while highlighting the project proposals on the anvil, also outlined the status of project under construction viz., Thermal Power Station -II Expansion (2x250MW), Neyveli New Thermal Power Station (2x500 MW), restructuring of mines, wind power plant(51MW), Solar P.V.project (10MW) and Joint Venture projects viz., coal based Thermal Power Plant at Tuticorin (2x500 MW), Coal based Thermal Power Station (3x660MW) at Ghatampur and MNH Shakti Limited.

The Chairman also recorded his thanks to Ministry of Coal, Government of India, other Ministries and Departments of Government of India, Government of Tamilnadu, State Electricity Boards , recognised Trade Unions and Associations representing Workmen and Officers and placed his appreciation for all executives, supervisors and workmen of the Company and also recorded the contribution and support extended by Board Members.

After conclusion of his address, the Chairman invited the members to seek queries/ clarifications on the audited financial accounts for the year 2012-13 placed before the Members.

Shri. P.Subramaniam (ID No. IN 300360 10033537) praised the Company for arranging the plant visit in a grand manner and the hospitality and other logistics extended to the shareholders during the visit . The shareholder also had praised for the best performance of the Company during the year 2012-13 and continued earning of higher profit during the year 2012-13 and in the previous years without infusion of additional capital. The shareholder pointed out that, inspite of such performance, the operating margin, return on capital employed and net-worth are comparatively low and the debt-equity ratio is high.

Shri. C.Subramaniam (ID No. IN 300441 10335849) requested for arranging the plant visit again to Neyveli.



Shri.S.Padmanaban (ID No. IN 301774 10308922) appreciated for arranging the Plant visit to Neyveli in a planned manner and expressed his heart felt satisfaction for the same and further said that the announcement made by the Chairman during the last 56<sup>th</sup> AGM for this plant visit, has come into reality and had a word of praise for taking care of welfare of shareholders. The shareholder further desired for including the objectives also in the vision and mission statement of the Company in the Annual Report. The shareholder desired for taking steps to increase the growth rate of Over burden removal and power generation which would eventually result in increase in profitability and share price of the Company. The shareholder also suggested for amicable settlement of the disputed income tax etc., and desired to know the action taken by the Company to recover the surcharge on power dues from the beneficiaries the details of amount transferred to reserves and investments in subsidiary companies and also the maturity details of Neyveli Bonds 2009. The shareholder also complimented for creating a corpus fund for Post Retirement Medical Assistance Scheme for the welfare of retired employees and further desired the Company to explore the possibilities of declaration of bonus shares. The shareholder also suggested for recruiting more personnel keeping in view the number of new projects on the anvil. The shareholder also wanted to know the basis on which the abridged/full version of Annual Reports were printed.

Shri. L.V.Rajaratnam (ID No. IN 301356 40001920) appreciated the Company for arranging the plant visit in a grand manner and for the hospitality extended to the visitors during the visit . The Shareholder praised for the outstanding performance during the year 2012-13 and expressed his satisfaction for maintaining the dividend @ 28 %. The shareholder, while expressing his concern over mounting power dues of TANGEDCO desired the company should take steps to reduce the dues. The shareholder also wanted to know the planning by the Company for excavation of lignite in the future for its sustainability. The shareholder also wanted to know the status of subsidiary companies and desired that details of unpaid dividend could be given in the Annual Report. The shareholder also wished for higher dividend to increase the market value of shares.



Shri.M.Venkataraju (ID No.1203840000071555) recalled the formative period of the Company and the contribution of Shri.Neelakandan, the then Superintendent of Mines, and Shri.Yagneswaran, the former CMD in turning around the Company and further expressed a sense of satisfaction for its present achievement both in terms of physical as well as financial. The shareholder also said that the Company has experts to manage the Company, however he requested the other shareholders to come out with valuable suggestions to help the management of NLC so that it can become 'Maharatna' Company.

Shri. Leslie Prabhu (ID No. IN 301637 60026924) complimented the Chairman for his speech at the meeting which gave confidence and taking the Company to new heights and also appreciated the Company for arranging the plant visit in such a meticulous manner and expressed his satisfaction for the same. The shareholder suggested that more efforts should be made to improve the performance of the Company in all fronts. The shareholder also desired for early completion of the on going new projects and for declaration of higher dividend rate and also for issue of bonus shares. The shareholder also suggested that the Company, instead of fully exploiting the coal/lignite reserves available in the Country/ in the region, should explore the possibility of acquisition of coal/lignite reserves available in other countries for its current/expansion projects. The shareholder also stated that the Company is having more number of Directors. While discussing about the snapshot of performance given in the Directors' Report, the shareholder suggested that the Company should aim for maximum growth and the Directors' Report should also include the targets fixed and the achievement for each of the projects.

Dr.R.Kannappan (ID No. IN 300183 13034349) appreciated the company for its outstanding performance. The shareholder desired that the Company should take necessary steps to recover the power sales dues from TANGEDCO at the earliest. The shareholder also desired for increase in the expenditure on Research & Development to benefit the company in a larger way. The shareholder also wanted to know the number of discoveries patented by the Company and earnings as royalties from such patents. The shareholder also desired that the Company should go in for diversification viz., hydrogen, solar, wind power projects.



Shri.K.A.Duraisamy (ID No. 1203840000326994) complimented for giving elaborate details in Business Responsibility Report forming part of Annual Report 2012-13. The shareholder compared the book value and market value of Company's shares with other Companies in the same field. The shareholder also wanted to know the allocation of power from Neyveli New Thermal Power Station (NNTPS) and particularly the extent of power supply to the State of Tamilnadu. The shareholder also sought the details of PLF of Barsingsar power plant and cost per unit of power generation. With regard to unpaid dividend, the shareholder also suggested for sending reminders to the shareholders who have not claimed the dividend and further suggested that the Company should ensure for early commissioning of TPS-II Expansion project. The shareholder also wanted to know the loss of production during the strike period against disinvestment of NLC shares and details of payment of salaries/wages during the strike period. The shareholder also desired for expediting commissioning of power generation in TPS-II Expansion and for imposition of liquidated damages on BHEL for the delay.

Shri.R.Vidyashankar (ID No. 1204470005731511) praised the Company for its performance during the year 2012-13 and profitability. The shareholder wished to know the plan of action for reduction in expenditures by the Company so that the Company could earn more profit. The shareholder sought the details of sale of lignite and major beneficiaries of power sales and the steps taken to recover the power dues and also the details and status of restructuring of Mines and benefits to be derived thereon. The shareholder also wanted to know the reasons for delay in commissioning of TPS-II Expansion. The shareholder wanted to know the policy of the Company in respect of diversification and further wanted to know the status of implementation of wind power project and also the present status of joint venture project at Tuticorin. The shareholder also sought the details of Research and Development projects being implemented by the Company, mine closure expenditure, pre-paid expenditures, under utilization of revenue grant, term loans, other expenses etc.,

Shri. J.Abhishek (ID No. IN 301637 41359155) wanted to know the reasons for reduction in share prices of the Company and desired for inclusion of details/transfer to IEPF Account of unclaimed dividend in the Annual Report.



Shri. R.Sivakumar (ID No. IN 301637 40117566) spoke on the general performance of the Company. The shareholder also sought to know the attendance of President of India's representative for the current Annual General Meeting and also for the last year and also enquired whether the representatives of the State PSUs who had acquired in the recent disinvestment through IPP. The shareholder, in his speech, had alleged misstatement of financial accounts circulated and had also pointed out that the annual report received by most of the shareholders contained only 76 pages while few of the shareholders have received the report containing more number of pages and hence wanted an explanation on this.

The Chairman, in his reply, acknowledged with thanks the queries and concerns raised by the shareholders.

The Chairman, in his reply, informed the Members that as per Clause 32 of the Listing Agreement, abridged version of Annual Report as prescribed in Section 219 (iv) (b) of the Companies Act, 1956 were sent to the shareholders and full version of the Annual Reports were also sent to the Members on request. It was also informed that the abridged report contained less number of pages than the full version report.

The Chairman stated that, at present the mining capacity of the Company is 30.60 MTPA and lignite seam is available around 80 to 100 metres below the surface and for excavating 1 tonne of lignite, 5 to 6 cubic metres of soil have to be removed and accordingly excavation equipments are procured and being operated at optimal capacities and hence growth beyond 1 to 2 % can not be expected unless additional equipments are purchased.

The Chairman informed that, at present, the Company has an installed capacity of 2740 MW and with the implementation of 1000 MW power project at Tuticorin and 500 MW of TPS-II Expansion by the end of current year, the company shall have an installed capacity of 4240 MW.

The Chairman, quoting his speech at the meeting, also informed that because of new CFBC technology, technical problems encountered in TPS-II Expansion, commercial operation could not be commenced and the matter is pursued vigorously with BHEL, the main plant package contractor and also through various inter government departments at the Centre for early commencement of commercial operation. The Chairman also said that early completion of the Project, has also been incorporated in BHEL's MOU with the Government of India and also informed that an amount of around Rs.115 crore had been deducted from BHEL bills by way of Liquidated

Damage



Regarding the financial accounts circulated, the Chairman informed the Members that the accounts of the Company are subject to three tier audit viz., Internal Audit, Statutory Audit and Government Audit and the Company has received NIL comment from Comptroller and Auditor General of India in respect of the accounts for the year 2012-13 as well as for the earlier years.

The Chairman informed that, based on the Gadgil formula, Tamilnadu will get around 719 MW, Andhra Pradesh 113 MW, Kerala 32 MW, Puducherry 4 MW and Karnataka 72 MW and unallocated will be at 60 MW and it was also stated that out of the total power generation by the Company in Neyveli more than 50% goes to Tamil Nadu.

The Chairman informed that thermal power stations are governed by the Central Electricity Regulatory Commission(CERC) and CERC have fixed certain norms for the lignite based power plants and power plants of the Company are also governed by CERC norms. The Chairman also provided the details of PLF of various power stations which are meeting the CERC norms and the reasons for lower PLF in Barsingsar Power Plant.

The Chairman stated that the number of independent directors are appointed as prescribed in Clause 49 of the Listing Agreement and the Independent Directors are inducted in to the Board are drawn from various fields and having different experiences and are appointed by Government of India and independent Directors' contribution to the Board is much valuable.

The Chairman informed that 40 billion tonnes of lignite resources are available in the Country out of which 80% is available in Tamilnadu but only 15% of lignite reserves are available for mining using the present open cast mining technology.. The Chairman also said that, considering difficulties in lignite mining and taking into account various factors, the company is embarking upon diversification into coal mining and coal based thermal power plants and for that purpose, the Government of India has agreed to allocate coal blocks. It was also stated the company has initiated steps for arranging supply of coal from other countries on long term basis and also initiated the process for acquisition of coal blocks abroad.

The Chairman said that even though there is higher lignite production and higher turnover, there is a reduction in operating margin mainly due to increase in the expenditure viz., salaries, maintenance cost and also on account of loss of interest due to non-receipt of power dues from DISCOMS of State Governments in time



The Chairman informed that, 'based on no work - no pay policy', an amount of Rs. 23.14 crore had been recovered from the employees/workmen's salaries/wages who participated in the strike against disinvestment of shares and further said that there was no loss in power generation during the strike period though OB removal and lignite excavation were partially affected which would be made good during the remaining part of the year.

With regard to recruitment of personnel, the Chairman informed that the consequent to the closure of chemical plants, the employees engaged therein were redeployed and as such the present strength of employees is in excess.

The Chairman also briefed the Members the efforts taken to realize the power dues from the beneficiaries particularly from TANGEDCO and informed that because of the continued efforts, the outstanding power dues position has reduced from Rs.3496.52 crore as on 31.08.2012 to Rs.2118.76 crore as on 31.08.2013 and further stated that the realization of surcharge payable by the DISCOMS is also being pursued.

The Chairman also stated that transfer to general reserve was as per the provisions of Companies Act,1956 and further said that Neyveli Bonds 2009 which have a tenor of 10 years, would be redeemed in the year 2019 and also gave the details of R&D expenditures and other details of consumption of stores and other expenditure and also provisions made towards wage revision which is due from 01.01.2012.

Regarding higher dividend, the Chairman informed that inspite of taking up new projects and without budgetary support from Government of India, the Company has been paying higher dividend and maintained it.

The Chairman provided the tariff rates of power stations in Neyveli and Barsingsar power plant. Regarding wind power, the Chairman informed that orders have been placed for 51 MW Wind power plant.

The Chairman also informed that Shri.Anurag Kapil, Director, Ministry of Coal is the Representative of the President of India for the current meeting and Shri.Y.P.Dhingra, Deputy Secretary, Ministry of Coal was the Representative of the President of India for the last year's AGM 2011-12 and it was also confirmed that representatives of few of the State PSUs who had acquired shares in the recent disinvestment had also attended this meeting.

Finally, the Chairman thanked the shareholders for their appreciation on the performance of the Company and for the appreciation by the shareholders for the arrangements made during the plant visit to Neyveli.





The Chairman then announced that items listed in the notice would be taken up for consideration.

### **ORDINARY BUSINESS**

#### **1. Adoption of Audited Profit & Loss Statement for the year ended 31<sup>st</sup> March, 2013 and Balance Sheet as on that date and the Report of the Board of Directors and the Report of the Auditors Report thereon.**

The Chairman moved the following resolution as an Ordinary Resolution and was seconded by Shri. R.Kandasamy, Director and Member (Folio No.1601010 300003159).

"RESOLVED that the Balance Sheet as at 31<sup>st</sup> March 2013 and Profit and Loss Statement for the year ended on that date together with the reports of the Board of Directors and Auditors thereon placed before the Meeting be and are hereby approved and adopted"

The Motion, on being put to vote, was carried with majority.

#### **2. Declaration of Dividend.**

Shri.R.Kandasamy, Director and Member (Folio No. 1601010 300003159) , moved the following resolution as an Ordinary Resolution and was seconded by Shri.E.Elango, Member (Folio No. 10659).

"RESOLVED that the interim dividend @ 10 % paid and the final dividend @18% recommended by the Board of Directors on the paid-up equity share capital of Rs.1677,70,96,000/- of the Company aggregating to 28% be and is hereby declared as the dividend for the financial year 2012-2013.

"RESOLVED further that the final dividend as above, be paid to those Shareholders whose name appear on the Register of Members on 6<sup>th</sup> September, 2013 and also to the beneficial owners as per the data provided by the Depositories as at the end of business hours on 27<sup>th</sup> August,2013 in respect of shares held in electronic form".

The Motion, on being put to vote, was carried unanimously.

#### **3. Re-appointment of Shri Sarat Kumar Acharya as a Director.**

Shri.M.S.Ravindranath, Director and Member (Folio No. 16020) moved the following resolution as an Ordinary Resolution and was seconded by Shri.A.Ganesan, Member (Folio No.17323).

"RESOLVED that Shri Sarat Kumar Acharya , Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

The Motion, on being put to vote, was carried with majority.



#### **4. Re-appointment of Shri.R.K.Mishra as a Director.**

Shri.R.Mohan, Member (Folio No. 16380) moved the following resolution as an Ordinary Resolution and was seconded by Shri.E.Elango, Member (Folio No. 10659).

“RESOLVED that Shri.R.K.Mishra , Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company.”

The Motion, on being put to vote, was carried with majority.

#### **5. Re-appointment of Shri M.M.Sharma as a Director.**

Shri.S.Sankaranarayanan, Member (Folio No. 10690) moved the following resolution as an Ordinary Resolution and was seconded by Shri. R.Jayasarathy , Member (Folio No. 14514) .

“RESOLVED that Shri M.M.Sharma, Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company.”

The Motion, on being put to vote, was carried with majority.

#### **6. Re-appointment of Shri. A.P.V.N.Sarma as a Director :**

Shri.E.Elango, Member (Folio No. 10659) moved the following resolution as an Ordinary Resolution and was seconded by Shri. S.Sankaranarayanan Member (Folio No. 10690)

“RESOLVED that Shri A.P.V.N.Sarma , Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company.”

The Motion, on being put to vote, was carried with majority.

#### **SPECIAL BUSINESS :**

#### **7. Appointment of Shri.N.S.Palaniappan, as a Director.**

Shri R.Kandasamy, Director and Member (Folio No. 1601010 300003159) moved the following resolution as an Ordinary Resolution and was seconded by Shri.E.Elango, Member (Folio No. 10659) .

“RESOLVED that Shri.N.S.Palaniappan, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

The Motion, on being put to vote, was carried unanimously.



**8. Appointment of Dr.A.K.Dubey as a Director.**

Shri.M.S.Ravindranath, Director and Member (Folio No. 16020) moved the following resolution as an Ordinary Resolution and was seconded by Shri. A.Ganesan, Member (Folio No. 17323)

"RESOLVED that Dr.A.K.Dubey, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

**9 . Appointment of Shri.S.Rajagopal as a Director.**

Shri.R.Mohan, Member (Folio No. 16380) moved the following resolution as an Ordinary Resolution and was seconded by Shri.R.Jayasarathy, Member (Folio No. 14514)

"RESOLVED that Shri.S.Rajagopal, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

**10. Appointment of Shri.M.S.Ravindranath as a Director.**

Shri.A.Ganesan, Member (Folio No. 17323) moved the following resolution as an Ordinary Resolution and was seconded by Shri. E.Elango, Member (Folio No. 10659)

"RESOLVED that Shri.M.S.Ravindranath, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

The Chairman declared the meeting as concluded.

CHAIRMAN.  
03-10-2013

