



**NEYVELI LIGNITE CORPORATION LIMITED**

*(A Government of India Enterprise)*

**Regd. Office: 'Neyveli House', No.135, Periyar EVR High Rd., CHENNAI-600 010.**

**Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.**

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Lr.No.Secy/59<sup>th</sup> AGM/2015

Dt.16.09.2015

To

The Bombay Stock Exchange Limited,  
Piroze Jeejee bhoy Towers  
Dalal Street  
Mumbai – 400 001

FAX No.022-22723121  
**Scrip Code : 513683**

Dear sirs,

Sub: 59<sup>th</sup> Annual General Meeting of the Company – Chairman's Statement at the AGM – Copy forwarded.

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We send herewith a copy of the Chairman's Statement at the 59<sup>th</sup> Annual General Meeting of the Company held on 16<sup>th</sup> September 2015 for your information and record.

Thanking you.

Yours faithfully  
for Neyveli Lignite Corporation Limited

  
Company Secretary

## **DISTINGUISHED SHAREHOLDERS,**

I am immensely happy to welcome you all for the 59th Annual General Meeting of your Company.

The Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2015 together with the Auditors' Report and Comments of the C&AG and the Directors' Report have already been sent to you and with your permission, I take them as read.

## **PERFORMANCE HIGHLIGHTS - 2014-15**

During the year under review your Company has recorded the highest ever achievement since inception in Total Sales, Profit Before Tax (PBT) and Profit After Tax (PAT). Mine-I achieved the highest ever Overburden removal and Thermal Power Station-I Expansion of 420 MW (2x210 MW) recorded the ever highest power generation and export of power.

The highlights of physical and financial performance during the year 2014-15 are as below:

### **Physical**

- Overburden removal from Mine-I at 624.19 LM<sup>3</sup> is the highest for any year since inception.
- Power Generation and export from Thermal Power Station-I Expansion at 3385.03 MU and 3107.25 MU respectively are the highest for any year since inception.
- Plant Load Factor of 92% achieved in Thermal Power Station-I Expansion is the highest ever for any lignite based power plants in India.

## **Financial**

- The Total Sales of ₹ 6087.68 crore is the highest for any year since Inception.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2014-15 of ₹ 2383.33 crore and ₹ 1579.68 crore respectively are the highest for any year since inception.

## **DIVIDEND**

I am very happy to inform you all that the Board of Directors of your Company has recommended a final dividend @ 10% (₹ 1.00 per share) for the financial year 2014-15. An interim dividend of 18% has already been paid to the shareholders during the month of March, 2015 and the total dividend for the year 2014-15 works out to 28% (₹ 2.80 per share), involving a cash outflow of ₹ 566.70 crore which includes Distribution Tax.

## **PERFORMANCE IN THE CURRENT YEAR – 2015-16 (April 2015 to August 2015)**

I am happy to inform you that TPS-II Expn. (2x250MW), the first project in India of this capacity adopting Circulating Fluidised Bed Combustion (CFBC) Boiler Technology has been commissioned in the current year. During the period April 2015 to August 2015, your Company has achieved Overburden removal of 726.11 LM<sup>3</sup> and produced 91.62 LT of Lignite as against 644.54 LM<sup>3</sup> and 99.60 LT respectively, achieved during the corresponding period of previous financial year 2014-15. Overburden removal recorded a growth of 12.66% during April 2015 to August 2015 compared to the corresponding period of the previous year while the Lignite production was restricted to deplete the stock which was 31.22 LT as on 1<sup>st</sup> April 2015.

The power generated (gross) during the above period was 8781.86 MU as against 8375.99 MU during the corresponding period of previous financial year registering a growth of 4.85%. The power exported during April to August 2015 of the current financial year was 7409.62 MU compared to 7094.06 MU registering a growth of 4.45%.

The Total Sales and Profit After Tax during the current financial year up to 31<sup>st</sup> August, 2015 is ₹ 3051.95 crore and ₹ 573.82 crore respectively compared to ₹ 2455.35 crore and ₹ 495.67 crore respectively achieved during the corresponding period of the previous year 2014-15, registering a growth of 24.30% and 15.77% respectively.

The profit during April to August 2015 was higher than the corresponding period of last year on account of increase in power generation and due to revision of lignite price for 2015-16.

## **POWER DUES**

Your Company has taken all out efforts and improved realization of dues from Discoms. The total outstanding amount from beneficiaries including the credit period of 60 days was ₹ 1440.71 crore as on 31<sup>st</sup> August 2015 and ₹ 519.67 crore excluding the credit period.

## **SECTOR SCENARIO**

Fossil fuels, Coal and Lignite, continue to dominate as primary fuel source in generation of electricity in spite of efforts made to improve renewable energy sources in the power sector. Coal continues to be the backbone of global energy system. Though coal deposits exist in nearly every region, commercially exploitable deposits occur in Europe, Asia, North America and Australia. The global proved coal reserves has been estimated to be 891.531 billion tonnes

(Source: World Coal Association) at the end of 2013. United States of America, Russia and China hold the largest share of the global proved coal reserves while India is 5<sup>th</sup> in the list with 6.8% of global proved coal reserves. Coal contributes about 55% of total energy production of our country.

About 80% of total indicated category of lignite deposits of the country are available in the State of Tamilnadu, while the States of Gujarat and Rajasthan and the Union Territory of Puducherry account for the balance. As per Geological Survey of India 44.11 Billion Tonnes of lignite reserves are available in the country as on 1<sup>st</sup> April 2015 and out of which 6.18 Billion Tonnes are under proved category.

Working Group on coal and lignite has projected a Lignite demand of 300.30 Million Tonnes for XII Plan period while the envisaged production stood at 290.16 million tonnes. Coal and lignite will continue to be the main stay of fuel for generation of electricity which plays a vital role in infrastructure development and growth in economy.

Government of India's vision for providing power for all, establishment of smart cities significantly improves growth opportunities in power sector and the power demand is bound to grow manifold. As on 31<sup>st</sup> July 2015, India has a total installed capacity of 275.912 GW.

The strength of renewable forms of energy is gaining momentum and continues to grow robustly from a low base. In order to safeguard our future and to create a healthy environment for the generations to come, we should actively harness renewable energy sources. Government of India has set a renewable energy capacity addition target of 175000 MW by the year 2022. At present, the country has 36471 MW installed capacity of Renewable Energy Sources which includes 23763 MW of Wind Power and 4061 MW of Solar Power.

Your Company has drawn up number of capacity addition programme in exploitation of the existing opportunities in the power sector.

## **OUTLOOK**

At present three opencast lignite mines at Neyveli, Tamilnadu and one opencast lignite mine at Barsingsar, Rajasthan of total capacity 30.6 MTPA is in operation. Also the mining capacity will be raised to 49.0 MT by the end of XIII Plan by adding Bithnok (2.25 MTPA) and Hadla (1.9 MTPA) lignite mines at Rajasthan, restructuring of Mine-I and Mine-IA (1.5 MTPA), augmentation of Mine-II (3.75 MTPA) and Mine-III (9.0 MTPA) at Neyveli.

With the commissioning of 500 MW (2 x 250 MW) TPS-II Expn. at Neyveli and the 1000 MW (2x500 MW) Tuticorin Power Project of the Subsidiary Company the present installed capacity of your Company including its Subsidiary is 4253.50 MW which include 9 Nos. of Wind Turbines so far commissioned at Kazhuneerkulam.

Your Company is also implementing lignite based 1000 MW Neyveli New Thermal Power Project (which is the replacement of the existing TPS-I of 600 MW capacity). Erection & commissioning of the balance 25 Nos. of WTGS aggregating to 37.50 MW is in progress. Erection of 10 MW Solar Power Plant at Neyveli has been completed and the same has been test charged and ready for commissioning. Further, lignite based power projects of 250 MW Barsingsar Extension Power Project and 250 MW Bithnok Power Project and 25 MW Solar Power Project at Barsingsar are under various stages of implementation.

In addition to the above, your Company has plans to set up power projects of 5015 MW capacity through implementation of lignite based (2 x 500 MW) TPS-II Second Expn. Power Project at Neyveli, coal based Sirkali Coastal Power

Project of 4000 MW (in two phases) and 15 MW solar power project in the second phase at Neyveli. Land has been identified in Neyveli Township for installation of additional 130 MW Solar Project.

Your Company through its another Subsidiary Company Neyveli Uttar Pradesh Power Limited (NUPPL) has proposed to implement 1980 MW coal based Thermal Power Project at Ghatampur in the State of Uttar Pradesh to meet the fuel requirement of this project, Ministry of Coal has allocated Pachwara South Coal Block in the State of Jharkhand.

With the commissioning of the projects under implementation and the projects under consideration, as stated above, the total power generating capacity of the Company would reach to 9241 MW during XII/XIII Plan periods and taking into account the power generation capacity of Subsidiary Companies, the total power generating capacity would increase to 12221 MW during XII/XIII Plan periods.

## **PROJECTS UNDER CONSTRUCTION**

Neyveli New Thermal Power Station (NNTPS) (2x500 MW) Your Company is implementing the Neyveli New Thermal Power Project (2x500 MW) at a capital cost of ₹ 5907.11 crore. This is a replacement to the existing more than five decades old 600 MW Thermal Power Station and adopts pulverised fuel firing technology. Consequent to re-tendering of Steam Generator package the Units are rescheduled to be commissioned in October 2017 and April 2018.

LOA for Steam Generator (NTA1) package and Turbo-Generator (NTA 2) package have been issued to M/s BHEL and detailed engineering activities, civil & mechanical works and supplies are in progress. LOA has also been issued for the Balance of Plant Package and the engineering & civil works are in progress.



## **Restructuring of Mines**

In order to meet the additional requirement of lignite arising out of implementation of 1000 MW Neyveli New Thermal Power Project at Neyveli, your Company is in the process of restructuring Mine-I and Mine-IA, at an aggregate estimated cost of ₹ 1458.17 crore, which would result in raising the aggregate capacity by 1.5 MTPA. Acquisition of required land has been taken up with the Government. Ministry of Coal has accorded approval for mining plan of Mine-I & Mine-IA Project.

### **Bithnok Thermal Power Station (250 MW) with linked Lignite Mine (2.25 MTPA), Rajasthan**

Your Company is implementing Bithnok Thermal Power Project of 250 MW capacity with the linked lignite mine of 2.25 MTPA capacity at Bithnok in the State of Rajasthan, at an aggregate estimated cost of ₹ 2709.93 crore. Power Purchase Agreement has been signed with Rajasthan Discoms. Agreement for supply of 25 cusecs of water from IGNP canal has been entered into by your Company. Government of Rajasthan (GoR) has issued award for acquisition of 1175.87 hectares of private land in Bithnok and 1863.184 Ha of Government land will be diverted to your Company by GoR after takeover of private land. The project is proposed to be implemented through EPC mode and is expected to be commissioned during the year 2019. Ministry of Coal has accorded approval for revised mining plan in June 2015.

### **Barsingsar Thermal Power Station Extension (250 MW) with linked Hadla Lignite Mine (1.9 MTPA), Rajasthan**

Board of Directors of your Company has accorded approval to set up a lignite based thermal power plant with a capacity of 250 MW as an extension of the existing power plant at Barsingsar. The fuel requirement for the above power plant is to be met from linked Hadla Mine of 1.9 MTPA and the existing Barsingsar



Mine. The aggregate estimated cost of the project is ₹ 2635.04 crore. All statutory clearances have been obtained. Government of Rajasthan has allocated Mining Lease area of 15.66 Sq. Km. The project is proposed to be implemented through EPC mode and is expected to be commissioned during the year 2019.

### **Wind Power Plant (51 MW)**

Members may be aware that in order to harness green energy your Company is implementing wind power farm of capacity 51 MW at Kazhuneerkulam in the State of Tamil Nadu at an estimated cost of ₹ 347.14 crore. M/s Leitwind Shriram Manufacturing Ltd. is the implementing agency and so far 9 Nos. of Wind Turbine Generators (WTG) have been commissioned and the balance 25 Nos. are expected to be commissioned during the current year. Power Purchase Agreement has been signed with TANGEDCO.

### **Neyveli Solar P.V. Project (10 MW)**

Further your Company is also implementing a 10 MW Solar Photo Voltaic project at Neyveli at an estimated cost of ₹ 77.89 crore. Work order had been placed on M/s. BHEL for setting up of the 10 MW solar power plant. Erection of all the 48000 solar PV modules have been completed. TANGEDCO has agreed to purchase the solar power Test charging was completed on 14.08.2015 and 10 MW solar plant is ready for commissioning.

### **Barsingsar Solar P.V. Project (25 MW)**

Your Board of Directors has accorded approval for investment decision for setting up of 25 MW Solar Power Project in Barsingsar at a cost of ₹ 167.29 crore. The project is proposed to be implemented through EPC route and scheduled to be commissioned in 2016-17. Work Order for Technical Consultancy has been issued to M/s. ITCOT.

## **JV PROJECTS**

### **NLC Tamilnadu Power Limited (2x500 MW)**

Members may be aware that NLC Tamilnadu Power Limited, the Subsidiary Company formed in joint venture with TANGEDCO, is implementing the coal based thermal power project of 1000 MW (2 x 500 MW) capacity at Tuticorin, I am happy to share with the Members that COD has been declared for Unit-I w.e.f. 18<sup>th</sup> June 2015 and Unit-II w.e.f. 29<sup>th</sup> August 2015. During the period April 2015 to July 2015, 488.565 MU has been generated and 466.139 MU exported to the grid.

### **Neyveli Uttar Pradesh Power Limited (3x660 MW)**

Members may be aware that NUPPL, a joint venture between your Company and Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL), is in the process of setting up a coal based thermal power project of 1980 MW (3 x 660 MW) capacity at Ghatampur in the State of Uttar Pradesh, at an estimated cost of ₹ 14375 crore.

The Public Investment Board (PIB) has recommended the above project proposal with the observation that necessary clearance from Ministry of Environment & Forest (MoE&F) is to be obtained at the earliest. Expert Appraisal Committee of MoE&F has deferred consideration of issue of Environmental clearance (EC), till Pachwara South Coal Block (the coal block allocated to this project) is given Stage-I Forest Clearance.

Ministry of Environment, Forest and climate change, has accorded Environment Clearance for the Project based on use of imported Coal for the project till Pachwara South Block attains the rated coal production. NUPPL has taken into possession of the entire land of 828 hectares required for this project. GOI sanction for the project is awaited.

Expressions of Interest for Steam Generator (SG), Turbine-Generator (TG) and Balance of Plant packages have been received. Techno commercial specifications have been issued to the short-listed bidders for SG and TG and Pre-bid meetings have been completed with these bidders.

## **COAL BLOCK DEVELOPMENT**

### **Pachwara South**

Members may be aware, Government of India allocated Pachwara South Coal block, in the State of Jharkhand with a reserve of 305 MT, for the proposed Ghatampur Coal based thermal power project. Ministry of Coal has accorded an Advance Action Proposal of ₹ 19.45 crore for pre-project activities of this coal block. Terms of Reference (TOR) has been issued by MoE&F for preparation of EIA/ EMP reports for the Coal block.

The coal block falls partly in the forest lands with tribal settlements. Exploratory drilling by CMPDIL and DGPS Survey work had to be suspended due to law and order problems. NUPPL has sought support from Government of Jharkhand for carrying out the above works.

Meanwhile, the Board of Directors of NUPPL has accorded approval for floating an EOI to invite proposal from Mine Development Operators (MDO) to carry out the entire activities connected with the development of Mines.

### **Jilga-Barpali**

Ministry of Coal (MoC) has allocated Jilga-Barpali coal block, in the State of Chhattisgarh with a total reserve of 546 MT to your Company (396 MT for 1980 MW phase-I of Sirkali Project) and Chhattisgarh Power Generation Company Limited (150 MT). Consequent to occurrence of nine geological earth faults in this block and due to deep seated coal seams excavation coal even

through underground mining technology is remote and hence your Company has requested MoC for allocation of suitable alternate block to meet the fuel requirement of the proposed Sirkali Thermal Power Project.

## **NEW PROJECTS**

### **Sirkali Thermal Power Project (4000 MW), Tamil Nadu**

Members may be aware that your Company has proposed to set up a coal based thermal power project with an overall capacity of 4000 MW in two phases at Sirkali in the coastal district of Nagapattinam in the State of Tamilnadu at an estimated cost of ₹ 14482 crore for phase-I of 1980 MW. Board of Directors of your Company has accorded approval of Advance Action Proposal of ₹ 56.52 crore for taking up pre-project activities. Your Company has identified Thirumullaivasal as the site for locating the power plant. Feasibility Report is under preparation. Action has been initiated for floating tender for preparation of CRZ map for the project. Application for land acquisition has been submitted to Government of Tamilnadu for issue of administrative sanction for acquisition of land for this project. Preparations of EIA/EMP report, DPR for captive coal jetty are in process.

### **Thermal Power Station-II Second Expansion - 1000 MW with linked Mine-III (9.0 MTPA), Neyveli, Tamilnadu.**

Your Company proposes to increase the power generating capacity by adding another 1000 MW thermal power plant as the second expansion to the existing TPS-II at Neyveli. A new mine, Mine-III of capacity 9.0 MTPA is proposed to be set up to exploit the mineable lignite reserves of about 380 MT available in the south of the existing Mine-II to meet the fuel requirement of the proposed thermal power plant. The Board of Directors of your Company has accorded approval for Advanced Action Proposal (AAP) of ₹ 7.05 crore for Mine-III and ₹ 1.80 crore for

TPS-II Second Expansion for taking up phase-I pre-project activities. Action has been initiated to enter into Power Purchase Agreement with DISCOMs of Southern States.

### **Mine-II augmentation (15.0 MTPA To 18.75 MTPA) Neyveli**

Your Company has also proposed to augment Mine-II from the present capacity of 15.0 MTPA to 18.75 MTPA, in order to meet the lignite requirements of the TPS-II including Expansion for operating at a higher Plant Load Factor (PLF).

### **Solar Power Projects**

Your Company would also like to be with the Government's initiative in developing green energy. With a view to enter in to solar power generation in a major way, the Board of Directors of your Company has accorded in-principle approval for establishing solar power projects in the States of Telangana, Tamilnadu and other States in India and also for participating in the Solar Power Parks announced by various State Governments.

## **NEW INITIATIVES**

### **Coal Assets**

In order to ensure availability of fuel for un-interrupted operation of 1000 MW coal based Thermal power project of NTPL and your Company's proposed 4000 MW Coal based Thermal Power Project at Sirkali, your Company had issued Expression of Interest for acquiring coal assets abroad. Short-listing of offers received for coal blocks in Mozambique, Indonesia and Australia is in process. Work order has been issued to M/s. SRK Mining Services (India) Pvt. Ltd., Kolkatta for carrying out technical due diligence study of the short-listed coal blocks.

## **Acquisition of Power Assets**

Your Company is also exploring the possibility of acquiring coal or lignite based power plants/ projects which are under construction, having the requisite land, firm fuel arrangement and water linkages. The offers received against the EOI are under evaluation.

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

As per Companies Act, 2013, Corporate Social Responsibility includes projects or programme relating to activities specified in Schedule VII to the Act. Members may be aware that your Company has a Board approved CSR policy in place and the CSR Committee of the Board is monitoring the implementation of the CSR Projects. The Board of Directors reviews the same and ensures that your Company spends, in every financial year, at least 2% of the average net profits of the Company for the last three years.

The amount spent on CSR activities during the year 2014-15 was ₹ 47.49 crore. The sectors of development under CSR projects include health and sanitation, education and special education, employment enhancing vocational skills, women empowerment, sports, relief and rehabilitation of areas affected by disaster, rural development projects for roads & access, water resources augmentation for irrigation and overall community development. Under Swachh Vidyalaya Abhiyan initiative of GOI, your Company, within the stipulated period fixed by the GOI, has constructed 1274 Nos. of toilets costing around ₹ 36 crore for various schools in the States of Tamilnadu and Rajasthan, achieving 100% of the target. 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.

## AWARDS & RECOGNITION

I am happy to share with the Members that your Company has received the following awards:

- ✓ IME Journal Innovation Award for using State-of-the-art Mining Technology with effective CSR & Environment Management.
- ✓ Productivity Award instituted by World Academy of Productivity Science (WAPS).
- ✓ Greentech Gold Award 2014 instituted by Greentech Foundation, for the best safety performance of TPS-II.
- ✓ National Award for Best HR Practices (Training) instituted by Governance Now.
- ✓ National Energy Conservation Award -2014 for Mine-I instituted by Bureau of Energy Efficiency.
- ✓ IE (I) Industry Excellence Award 2014, instituted by Institution of Engineers (India).
- ✓ First Prize in the category of Best Public Sector Undertaking Unit implementing Right to Information Act, Instituted by Public Relation Society of India (PRSI).
- ✓ Green Rating Project (GRP) award, instituted by the Centre for Science & Environment, for Barsingsar TPS and TPS-II, Neyveli.



## **INDUSTRIAL RELATION**

Thrust on participative culture continued during the year under review. Company remained harmonious and cordial but for some aberration through Labour strike. The Recognized Unions had resorted to strike for about 38 days demanding wage revision and the strike was subsequently called off. The matter is being resolved through tripartite discussion/ conciliation.

## **ACKNOWLEDGEMENT**

I wish to record my thanks to Ministry of Coal and the Government of India for their continued support in all our endeavors and to other Ministries and Departments of Government of India. I wish to express my thanks to the Government of Tamil Nadu and the District Administration for their support and co-operation. I also wish to thank State Electricity Boards/DISCOMs and other customers for their continued support.

I wish to place on record appreciation for all executives, supervisors and workmen for their hard work and dedication. I also thank Associations and recognized Unions for their whole-hearted co-operation in maintaining good and cordial industrial relations.

I express my sincere thanks to my colleagues on the Board for their valuable contribution.

Last but not the least, I take this opportunity to express my sincere thanks to all Investors who have reposed faith in the Company and continued to be its stakeholders.

**Thank you**

