



NLC INDIA LIMITED

(formerly Neyveli Lignite Corporation Limited)
(A Government of India Enterprise)

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Lr.No.Secy/Reg.30 of LODR/2017

Dt. 27.09.2017

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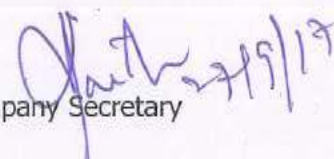
Dear sirs,

Sub: 61st Annual General Meeting of the Company – Chairman's Statement at the AGM – Copy forwarded.

We send herewith a copy of the Chairman's Statement at the 61st Annual General Meeting of the Company held on 27th September 2017 for your information and record.

Thanking you.

Yours faithfully
for NLC India Limited


Company Secretary

Chairman's Statement at the 61st Annual General Meeting held on 27th September, 2017

DISTINGUISHED SHAREHOLDERS

I am happy to welcome you all to the 61st Annual General Meeting of the Company. The Audited Statements of Accounts for the year ended 31st March, 2017 together with the Auditors' Report and 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 – 2016-17

The highlights of record breaking physical and financial performance of the Company during the year 2016-17 are as below:

PHYSICAL

- Total Lignite production from all Mines put together at 276.17 Lakh Tonnes (LT) was the highest for any year since inception.
- Total Power Generation from all Thermal Power Stations put together at 21033.10 Million Units (MU) was the highest for any year since inception.
- Total Export of Power from all Thermal Power Stations put together at 17719.46 Million Units (MU) was the highest for any year since inception.

FINANCIAL

- The total sales turnover of ₹ 8672.84 crore registered in 2016-17 was the highest for any year since inception.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT), for the year 2016-17 were ₹ 3027.56 crore and ₹ 2368.81 crore were the highest for any year since inception.

DIVIDEND

I am very happy to inform you that the Board of Directors of the Company had paid an Interim Dividend of 73.40% (₹ 7.34 per equity share) and the same has been treated as the Dividend for the year 2016-17. The Dividend of 73.40% (previous year 30%) was the highest ever dividend paid by the Company since inception and the total dividend outgo for the year 2016-17 including distribution tax works out to ₹ 1350.39 crore compared to previous year's ₹ 604.82 crore, which is 57.01% of PAT for the year 2016-17.



PERFORMANCE IN THE CURRENT YEAR – 2017-18 (APRIL 2017 TO JUNE 2017)

During the current year upto June 2017, your Company has produced 37.91 LT of lignite as against 40.84 LT achieved during the corresponding period of previous financial year 2016-17. The lignite production was restricted to deplete the opening stock on 01.04.2017. The power generation (gross) during the above period was 5276 MU as against 5067 MU during the corresponding period of previous financial year, registering a growth of 4.12%, while the power export during the same period was 4421 MU compared to 4254 MU registering a growth of 3.93%.

Thermal power generation has been getting affected largely due to power surrender. In the current year upto June 2017, 783 MU of power was surrendered which caused Thermal Power Stations to reduce the generation to that extent. The Company has resorted to trade the Un-Requisitioned Surplus (URS) Power in the market.

The Company registered a provisional total sales of ₹ 2254.00 crore during the current year upto 30th June 2017 as against ₹ 1881.84 crore registered during the corresponding period of the previous year 2016-17, registering a growth of 19.78%. The un-audited Profit After Tax during the said period in the current financial year is ₹ 316.09 crore compared to ₹ 230.75 crore achieved during the corresponding period of the previous year 2016-17, registering a growth of 37%. The reasons for increase in the profit was mainly because of increase in the power export and reduction in consumption of stores and spares.

SECTOR SCENARIO

The demand for electricity is set to increase substantially, particularly with the 'Make in India' initiative of the Government of India aimed to transform India as a global manufacturing hub. For a sustained economic growth and for achieving the target of "Power for All" adequate availability of electric power is required to be ensured. In this direction a road map has been prepared by the Government providing targets for infrastructure addition and capacity development in generation, transmission, distribution, energy efficiency and renewable energy to achieve the objectives of supplying quality, reliable and affordable power to all categories of consumers. As per the 19th Electric Power Survey (EPS), the electrical energy requirement on an All India basis during FY 2026-27, FY 2031-32 and FY 2036-37 has been assessed as 2,047 Billion Units (BU), 2,531 BU and 3,049 BU respectively, with the expected peak demand in FY 2026-27 at 299 Giga Watt (GW), in FY 2031-32 at 370 GW and in FY 2036-37 at 448 (GW).



In India's energy sector fossil fuel such as Coal and Lignite would continue to dominate the source of energy, though the renewable energy has become the fastest growing component in the sector. The Government of India has taken a number of initiatives to ensure availability of domestic coal to the Country's power generation requirements and thereby reduce the dependence on imported coal. Further in order to optimise the use of coal and minimize the environmental impact, the Government of India has given guidelines for adopting super critical/ultra-super critical technology with Flue Gas Desulphurisation (FGD) which are more efficient low fuel consuming and Environment friendly.

The All India installed capacity as on 31.08.2017, as per the data of Ministry of Power, Thermal accounts for 219.49 GW, Renewable Energy Sources (RES) at 58.30 GW, Hydro with 44.65 GW and the Nuclear with 6.78 GW. The share of power from RES has increased substantially in the recent years with a capacity addition of 14.30 GW during last two and half years.

OUTLOOK

Your Company is presently operating four lignite mines, three at Neyveli in the State of Tamil Nadu and one at Barsingsar in the State of Rajasthan with a total installed capacity of 30.60 Million Tonnes per annum (MTPA).

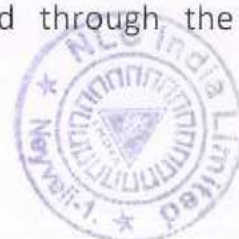
The Company has taken up implementation of following lignite mining projects and on completion the Company's total capacity would increase to 39.15 MTPA by the year 2020:

- a. Bithnok lignite mines (2.25 MTPA),
- b. Hadla lignite mines (1.9 MTPA),
- c. Barsingsar Expansion (0.40 MTPA) and
- d. Expansion of Mine-IA (4.0 MTPA)

In addition to the above, it has been planned to set up the following lignite mining projects which would increase the overall capacity to 62.15 MTPA by the year 2025:

- a. Mine-III (11.50 MTPA) and
- b. South of Vellar-cum-Palayam kottai Mine project (11.50 MTPA)

Regarding coal mining, Talabira II & III Coal Blocks of capacity 20.0 MTPA in the State of Odisha have been allotted in favour of your Company while the Pachwara South Coal Block with a capacity of 11.0 MTPA has been allotted to NUPPL, the Subsidiary/JV Company with UPRVUNL. The above two projects aggregate to a coal mining capacity of 31.0 MTPA are proposed to be developed through the engagement of Mine Developer and Operator (MDO).



In the power sector, your Company is presently operating five Thermal Power Stations, four at Neyveli and one at Barsingsar with a total installed capacity of 3240 Mega Watt (MW) and taking into account the wind power of 51 MW & solar power generation of 48 MW, the total installed capacity has gone upto 3339 MW as on date.

Your Company is presently implementing the following power projects and total installed capacity would increase to 4831 MW by the year 2020 taking into account the phasing out of TPS-I of 600 MW:

- a. Neyveli New Thermal Power Project of 1000 MW (as the replacement for the existing TPS-I of 600 MW capacity)
- b. Barsingsar TPS Extension of 250 MW & Bithnok TPS 250 MW
- c. Solar Power Project of 130 MW (38 MW already brought into stream in August 2017) in Neyveli and
- d. Solar Power of 500 MW in different parts of Tamil Nadu.

The activities of Barsingsar TPS Extension and Bithnok TPS Projects have been put on hold presently consequent to the communication received from Rajasthan DISCOMS that they are not in a position to buy power from the above projects. This development has taken place inspite of signing Power Purchase Agreements (PPA) by them. The matter is being reviewed under the Chairmanship of Cabinet Secretary, Government of India and based on the outcome, further activities will be taken up.

In addition to the above, your Company has power generation capacity building plans over a period of next 10 years by setting up the following projects:

- a. TPS-II Second Expansion of 1320 MW in Phase I & 1320 MW in Phase II at Neyveli,
- b. Thermal Project of 4000 MW capacity in Odisha in two phases, and
- c. Solar & Wind based power generation projects aggregating to 3560 MW.

Your Company has also plans to have an inorganic growth and increase the power generating capacity by around 3000 MW through acquisition of power assets.

All these projects would increase the power generating capacity of the Company to 18031 MW by the end of the year 2025.

Taking into account the generation capacity of the Subsidiaries viz., NTPL's Thermal Power Plant (1000 MW) in Tuticorin, Tamil Nadu & NUPPL Thermal Power project (1980 MW) in Ghatampur, UP, the total power generating capacity of NLC India Limited (NLCIL) and its subsidiaries is projected at 21011 MW by the year 2025.



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 is in the process of setting up Flue Gas Desulphurisation Units in terms of the recent guidelines of Government of India. In order to maintain the green belt, so far over 20 million trees have been planted in and around Neyveli Townships and in other production Units which helps in maintaining clean environment and ecological balance.

OPPORTUNITIES & CONCERNS

GOI's commitment to improve the quality of life by making availability of affordable and quality 24x7 power to the people of the Country, the initiative to bring in Smart Cities would likely to increase per capita consumption of power and overall power demand. This has given your Company an opportunity to expand and grow.

The need for continuous acquiring of land for the existing and new mining projects are causing concerns in the light of still resistance by the land owners and the demand for increase in the compensation & also for employment. Fulfillment of stringent environment norms prescribed by the Government from time to time, increases the cost of generation affecting the competitiveness of the power tariff.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GOVERNANCE

As per Companies Act, 2013, Corporate Social Responsibility includes projects or programmes relating to activities specified in Schedule VII to the Act. Your Company has an approved CSR policy in place and the CSR Committee of the Board is monitoring the implementation of CSR Projects. The Board of Directors reviews the same and ensures that the Company spends, in every financial year, at least 2% of the average net profits of the Company for the last three years. The major sectors of development under CSR projects include water resource augmentation, drinking water, water harvest scheme, roads and access, education, health and overall community development.

Water Resource Augmentation (JAL PARYAPTHA): Major de-silting, deepening and allied works for water resource augmentation under JAL PARYAPTHA Project completed feeding water for 16,121.14 Ha. of cultivable lands benefiting rural population.



• Drinking Water (JAL DHARA): Distribution of Buttermilk / Safe drinking Water during summer to Public. Installed 10 Nos. of purified drinking water plants to cater the need of drinking water to the public - 5 Nos. in Heritage sites at Tirupathi, Puri, Chidambaram and 5 Nos in Neyveli including 3 Nos. in Resettlement areas. 7 more in Chennai city are planned to be installed.

• Water Harvest Scheme (JAL – UDAY): Storm Water Treatment and re-usage in Mine - I & TPS-II Expn. Artificial lakes created in all three Mines at Neyveli to improve ecology. Supply of mines water to nearby villages (32030 ML) – 30,000 acres of cultivable land in Cuddalore District are benefitted.

• Battery operated cars have been provided to Tirumala Tirupathi temple, Lord Jagannath Temple at Puri, Sri Natarajar temple at Chidambaram and Meenakshi Amman temple at Madurai for the use of elders / devotees visiting these temples.

• Awareness programmes by Medical officers on Environmental Health, Food Health, cleanliness etc., were conducted.

• De-silting of 19 lakes, sinking of bore wells and installation of solar power pumps in nearby villages have been taken up with the outlay of ₹ 5.80 crore.

• 150 Tribal families at Kalvarayan Hills are being provided with DC Solar Inverter less Power.

• Installation of Solar high mast lights and Solar based LED street lighting system has been taken up at Uttar Pradesh and Barsingsar / Rajasthan at a cost of around ₹1.78 crore and ₹54.50 lakh respectively.

• Complete Dialysis Unit with 13 dialysis machines provided to Govt. Headquarters General Hospital at Cuddalore.

• One bus to Government Service Home at Cuddalore has been provided to help the inmates to commute for their schooling.

Recently, a Home for Elders “ANANDA ILLAM” has been started under the CSR activities of your Company which will be run with the infrastructural support from the Company supplemented by voluntary contributions from employees and administrative help from Helpage India, a prominent NGO. It is proposed to accommodate approximately 100 elders who are facing financial and social hardships lacking the family support.

Your Company believes in ethical governance and sustainable practices. We aim to grow and contribute to the growth of environment and society. As a good Corporate Citizen, our 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 C



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

The major reforms brought in by the Government of India recently is rolling out of Goods and Service Tax (GST) effective from 1st July, 2017. Your Company has complied with the prescribed requirements and is in the process of implementation across the Units to ensure compliance by the Contractors and Suppliers.

I am pleased to share that the power tariff of your Company has become more competitive through passing on of the benefits availed by the Company to the beneficiaries on account of implementation of GST, in the form of reduction in the power tariff ranging from ₹ 0.45 to ₹ 0.75 per kWhr based on fuel consumption.

As part of GOI's initiative on Swachhta Abhiyan, Digital India and for providing clean environment, your Company has taken the following initiatives:

- During the Swachhta Pakhwada celebrations your Company has organized cleanliness drive, weeding out of unused/scrap materials in various units and in township.
- Awareness camps were organized for Personal Hygiene and environment hygiene for women and girls in various villages around Neyveli by CSR.
- A stretch of around 1.5 kms in Manimukta River in Vridhachalam was cleaned up with the help of around 2000 volunteers from various NGOs.
- Beach cleaning was undertaken in Samiyarpettai.
- Your Company has also taken action to adopt Kolliruppu – Nainarkuppam village to implement Open Defecation Free (ODF) measures and one more village Pallinerodai is also being taken up.

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

- Contract Labour Management System Portal (CLMS) in NLC India website
- ONLINE application system for recruitment
- ONLINE vendor payment system
- Project Monitoring through ONLINE
- Bill watch system and online payment display system
- Nil Cash payment is ensured by your Company to all stakeholders

Efforts taken to ensure cashless transaction within Neyveli Township



AWARDS & RECOGNITION

I am happy to share with the Members that in recognition of its various activities your Company has been conferred with the following awards during the year 2016-17:

1. National Award for outstanding Industrial Relations for the year 2014-15 instituted by the All India Organization of Employers (AIOE).
2. Golden Peacock Environment Award 2016 instituted by Institute of Directors, New Delhi in appreciation of its adoption of environment friendly technologies.
3. The following three awards instituted by Public Relation Society of India :
 - i. Best PSU implementing CSR (2nd Place)
 - ii. Best Corporate Film – Hindi (2nd Place)
 - iii. Special Award for Best PSU implementing RTI
4. 1st Prize in RAJBHASHA field for the best performance of the Official Language Implementation among the Member Offices of Town Official Language Implementation Committee (TOLIC)/Puducherry for the year 2015-16.
5. The “Best Enterprise Award” (3rd prize) in the Navratna Category for the year 2016 in recognition of its works for the development of women employees in the organization and the welfare of women and girl children in villages around Neyveli.
6. Fly ash utilization award from Mission Energy foundation, for effective utilization of Fly ash in the year 2017.

INDUSTRIAL RELATIONS

Industrial relations generally remained harmonious and cordial throughout the year.

ACKNOWLEDGEMENT

I wish to record my thanks to the Ministry of Coal, Ministry of Power and New and Renewable Energy, 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 sincere thanks to the State Government of Tamil Nadu, Rajasthan & Uttar Pradesh 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.

