



NLC INDIA LIMITED

(formerly Neyveli Lignite Corporation Limited)
(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.

Phone: 04142/252205. Fax: 04142-252645, 252646

CIN:L93090TN1956GQ1003507

Web-site:www.nlcindia.com:e-Mail:cosec@nlcindia.com

Lr.No.Secy/Reg.30 of LODR/2018

Dt.30.07.2018

| | |
|---|--|
| 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 |
|---|--|

Dear sirs,

Sub: 62nd 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 62nd Annual General Meeting
of the Company held on 30th July,2018 for your information and record.

Thanking you.

Yours faithfully
for NLC India Limited

Shari
30/7/18
Company Secretary

Chairman's Statement at the 62nd Annual General Meeting

held on 30th July 2018

Distinguished Shareholders,

I am happy to welcome you all to the 62nd Annual General Meeting of your Company. The Audited Statements of Accounts for the year ended 31st March, 2018 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 – 2017-18

The highlights of physical and financial performance of your Company during the year 2017-18 are as below:

PHYSICAL

- Total Lignite production from all Mines put together was 251.53 Lakh Tonnes (LT).
- Total Power Generation from all sources (Thermal, Solar & Wind) was 20740.84 Million Units (MU).
- Total Export of Power from all sources was 17418.83 MU.

FINANCIAL

- The total revenue from operations registered for the year 2017-18 was Rs. 8496.20 crore.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2017-18 were Rs. 2689.70 crore and Rs. 1848.78 crore respectively.

DIVIDEND

I am very happy to inform you that the Board of Directors of your Company had paid an Interim Dividend of 42.30% (Rs.4.23 per equity share) and also recommended a final dividend of 2.70% subject to the approval of the shareholders. With the above interim dividend already paid, the total dividend for the year 2017-18 is 45% working out to Rs. 687.86 crore which is more than 30% of PAT and 5% of the Net worth meeting DIPAM guidelines.

PERFORMANCE IN THE CURRENT YEAR - 2018-19 (APRIL 2018 TO JUNE 2018)

During the current year upto June 2018, your Company has produced 36.21 LT of Lignite against a target of 28.60 LT for the quarter resulting in percentage achievement of 126.60%. The power generation (gross) for the first quarter was 4883.91 MU as against a target of 5380.61 MU resulting in achievement of 90.77%. Thermal Power Generation has been getting affected largely due to power surrender, which is otherwise 5372 MU with the achievement of 99.84%.

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 to be ensured. In this direction, a road map has been prepared by the Government providing targets for infrastructure development and capacity addition 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 BU, 2,531 BU and 3,049 BU respectively, with the expected peak demand in FY 2026-27 at 299 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 De-sulphurisation (FGD) and DeNOx equipment, which are more efficient low fuel consuming and Environment friendly.

The All India installed capacity as on 30.06.2018, as per the data of Ministry of Power, Thermal accounts for 222.69 GW (64.8%), Renewable Energy Sources (RES) at 69.02 GW (20.1%), Hydro with 45.40 GW (13.2%) and the Nuclear with 6.78 GW (2.0%).

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 MTPA. The Company has taken up implementation of following Lignite Mining

projects and on completion the Company's total capacity would increase to 62.15 MTPA by the year 2025:

- a) Bithnok lignite mine (2.25 MTPA),*
- b) Hadla lignite mine (1.9 MTPA),*
- c) Barsingsar Expansion (0.40 MTPA)*
- d) Expansion of Mine-IA (4.0 MTPA)
- e) Mine-III (11.50 MTPA) and
- f) South of Vellar-cum-Palayamkottai Mine projects (11.50 MTPA).

*(Put on hold based on power tariff issue with Govt. of Rajasthan)

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 and the Mine Developer & Operator (MDO) for Talabira has been engaged and the development activities are in progress. The Pachwara South Coal Block in the state of Jharkhand with a capacity of 11.0 MTPA has been allotted to NUPPL, the Subsidiary Company and the engagement of MDO for the said coal block is in process. Your Company also proposed to enter into Commercial Mining with an Annual Capacity of 30.0 MTPA of Coal for which two Coal Blocks have been requested for allotment.

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 MW and taking into account the wind power of 51 MW & solar power generation of 440 MW, the total installed capacity has gone upto 3731 MW as on date.

Your Company is presently implementing the following power projects and total installed capacity would increase to 5040 MW by the year 2020 taking into account the phasing out of TPS-I of 600 MW and excluding Barsingsar TPS Extension of 250 MW & Bitnok TPS 250 MW (being kept on hold at present) :

- a) Neyveli New Thermal Power Project of 1000 MW (as the replacement for the existing TPS-I of 600 MW capacity).
- b) Solar Power Project of 909 MW (709+200).

In addition to the above, your Company has power generation capacity building plans till the year 2025 by setting up the following projects:

- a) TPS-II Second Expn. 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 2851 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 including Barsingsar TPS Extension of 250 MW & Bitnok TPS 250 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 Operation) in Tuticorin, Tamil Nadu & NUPPL Thermal Power Project (1980 MW under

Construction) in Ghatampur, UP, the total power generating capacity of 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 Township 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 and 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 stiff resistance by the land owners and the demand for increase in the compensation & also for employment. Fulfilment of stringent environment norms prescribed by the Government from time to time, increases the cost of generation affecting the competitiveness of the power tariff.

There has been huge surrender of Power by the beneficiaries and consequently under utilisation of Thermal Capacity. Being a Pit head

power plant, owing to power surrender, your Company is not able to make optimum utilisation of the mining capacity which is also resulting in lesser lignite production.

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, road & access, education, health and overall community development.

CSR - Water Resource Augmentation (Jala Paryaptha)

- De-silting and other improvement works in Sengal Odai and Middle Paravanar towards water resource augmentation taken up in 2016-17 has been continued in 2017-18 also for the benefit of around 60 peripheral villages of Neyveli. Around 9.26 lakh Cu.m. of earth has been removed at a cost of around Rs. 870 lakh.
- Your Company identified 16 lakes/community ponds covering four constituencies in Cuddalore District viz., Neyveli, Vriddhachalam, Bhuvanagiri, Kurinjipadi, for de-silting towards water augmentation & rain water harvesting and subsequently to increase ground water levels in the peripheral areas. Around 10 lakh Cu.m. of earth has been de-silted in these lakes.

- Further Kurichi Lake in Coimbatore district has also been de-silted by removing around 3.40 lakh Cu.m. of earth at a cost of around Rs. 138 lakh.
- In total around 145 Villages in the surroundings of Neyveli and Coimbatore have got benefitted.
- Apart from de-silting, drilling & construction of bore well and providing of solar powered pump in these de-silted water bodies are taken up for filling the lakes with groundwater so that this water can be utilised by the villagers during drought or in summer seasons.

CSR - Drinking Water (Jal- Dhara)

Your Company continued to provide drinking water, Butter Milk & Lemon Juice this year also to the public of Neyveli for 60 days during the peak summer catering to around 10,000 persons per day at a cost of around Rs. 33.10 lakh. Water tanker service was provided for supply of drinking water in Talabira II & III project affected areas to the public for 60 days during the peak summer catering to around 400 families at an expenditure of around Rs. 4.25 lakh.

CSR - Roads and Access (Dhara)

Bituminous Top (BT) Road formation from Pudhukooraipettai village to Ulundurpet Highway at a cost of Rs. 177 lakh was provided. Your Company provides Roads and Access to general public in the peripheral villages of Neyveli and Barsingsar.

CSR - Community Development (Samooch Unnathi)

Your Company constructs infrastructure in the peripheral villages for the benefit of the villagers. The following works have been undertaken during 2017-18 :

Construction of class rooms & Seminar Hall in Jawahar Science College, Neyveli, Skill Development Centre at Annamalai University, Chidambaram, Providing and laying Paver block roads, walkway, bus bay and two-wheeler parking bay for Auroville International Township in Puducherry, Sports development centre and illumination facilities in Anna Stadium at Cuddalore, Agro Forestry at Cuddalore Central Prison along with extension of skill development centre, Kitchen and Dining Hall for Town Hall in Cuddalore, Class rooms, compound wall, Toilet Blocks etc., Adi-Draavidar Welfare High School at vandarayanpattu village, Panchayat Union Middle School at Kolliruppu and Govt. Boys Higher Sec. School at Vriddachalam, Bitumen Carpet over the existing road between Barsingsar & Udairamsar, Roads & Drains inside Basi-Barsingsar village.

During the year 2017-18, your Company has provided :

- One 8 seater capacity Battery Operated Vehicle to NLC India General Hospital & Neyveli, Meenakshi Temple, Madurai for the benefit of physically challenged / Elders.
- A Modern Gas Crematorium at Neyveli in the name of "Shanthivanam".
- Anandam, Elders Home at Neyveli for the benefit of Elders with the participants of employees of your Company.
- From February 2013 onwards, nutritious food supplement to the HIV affected children belonging to the Cuddalore District HIV Positive Society, Cuddalore. 300 such children were provided with food supplements during the year 2017-18.
- Nutritious food supplements to Oasis Schools Handicapped Children & MR Elders Home, Cuddalore benefitting around 130 home inmates & Buds of Heaven, Puducherry and also to a

home for mentally challenged Female Children & Elders benefitting around 25 inmates.

- Swachh Bharath Packhwadas were planned and carried out various programmes towards Swachh Bharath Mission as per Government directives.
- As a special initiative, Mega cleaning activity and awareness campaign was taken up at Manimuktha river at Vriddhachalam for a stretch of 3 km. with the involvement of 2,500 volunteers. Further, a cleanliness campaign for creating awareness was carried out at Samiyarpettai Beach.

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

The major reform brought in by the Government of India recently was 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 by passing on 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 Rs. 0.45 to Rs. 0.75 per kWhr.

I am pleased to share that through technical expertise and efficient mining operation combined with prudent Cost Management, your Company has been able to reduce its lignite transfer price for captive use by around Rs. 300 / Tonne this financial year leading to lowering of power tariff ranging from Rs. 0.35 to Rs. 0.58 per kWhr of electricity generated from its power plants.

On account of above reduction in transfer price and GST roll out, around Rs. 1523 crore per annum will be passed on by your Company to the beneficiary Power Distribution Companies.

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 2017-18:

- **“Golden Peacock Environment Management Award”** for the year 2017 in appreciation of its adoption of environment-friendly technology presented in the World Congress on Environment Management held at London between 25th October to 27th October 2017.
- **“Excellence in Cost Management Award”** in the 14th National Awards for Excellence in Cost Management-2016 at New Delhi, on 18th July 2017.
- **Seven National Awards** for best House Journal, e-news (English), ezine (Hindi), a Special Jury Award for Best Corporate Film, Best PSU implementing RTI, Best CSR project for Women Development and Best Corporate Film bestowed by The Public Relations Society of India (PRSI).
- **“NIPM National Award”** for Best HR Practices 2017 by National Institute of Personnel Management (NIPM) for implementing modern HR strategies in the Company.
- **“Golden Peacock Award for Sustainability 2017”** presented in Golden Business Meet.
- **“Industrial Excellence Award 2017”** for its best performance and excellence in engineering operation under category “A” presented by the Institute of Engineers (India) in the 32nd Indian Engineering Congress 2017.
- **“National Energy Conservation Award - 2017”** for Mine-I presented by Bureau of Energy Efficiency, Ministry of Power, Govt. of India.
- **“Rajasthan Energy Conservation Award 2017” (RECA)** for Barsingsar Thermal Power Station, presented by Bureau of Energy Efficiency, Ministry of Power, Govt. of India.
- **“SCOPE Corporate Communication Excellence Award 2017”** for Brand Building through inclusive growth initiatives.

- First prize in the Rajbhasha Field for its best performance in the field of Official Language Implementation instituted by the “Town Official Language Implementation Committee” (TOLIC) of Puducherry.

During the Current Year 2018-19, the following Awards/Recognition have been received:

“Brand of the Decade Award” instituted by Herald Global and BARC Asia in recognition of the Company’s exigent business model.

The “APEX India CSR Excellence Award 2017” under Gold Category instituted by APEX India Foundation in recognition of the Company’s contribution in the area of CSR.

“Hindustan Ratna PSU Award” instituted by Hindustan Times, in recognition of its “success and excellence among Public Sector Enterprises”.

Fastest growing PSU Award by the Hindustan Times group based on a survey by Price Waterhouse Cooper.

Your Company bagged the prestigious “Dun & Bradstreet PSU Award 2018” for the best growth performance under the Power Generation category.

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 endeavour 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 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.

Dr. Sarat Kumar Acharya

CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date : 30.07.2018