



NLC INDIA LIMITED

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

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

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Lr.No.Secy/60th AGM/2016

Dt.15.09.2016

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

Dear sirs,

Sub: 60th 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 60th Annual General Meeting of the Company held on 15th September 2016 for your information and record.

Thanking you,

Yours faithfully,
for NLC India Limited

S. Mani
15/9/16
Company Secretary

Chairman's Statement at the 60th Annual General Meeting held on 15th September, 2016

Distinguished Shareholders

On behalf of the Board of Directors, I am delighted to welcome you all to the 60th Annual General Meeting of your Company. Thank you for joining us today.

It gives me immense pleasure to present before you, the facts figures and trends to showcase your Company's robust profile and outline its future growth plans.

PERFORMANCE HIGHLIGHTS – 2015-16

The highlights of physical and financial performance of your Company during the year 2015-16 are as below:

PHYSICAL

The lignite production during the year 2015-16 was 254.51 LT as compared to 265.43 LT during the previous year. The reduction in production was due to unprecedented rainfall & flood during the months of Nov. & Dec. 2015, limited lignite requirement from TPS-II Expansion owing to non-stabilisation of newly commissioned Units, lesser off take from M/s.TAQA and subdued demand from raw lignite consumers.

Regarding the performance of thermal power plants, the Power generation (gross) during the year 2015-16 was 19182.21 MU, as compared to 19729.13 MU in the previous year. The Power export during the year 2015-16 was 16104.02 MU as compared to 16671.23 MU in the previous year. The average Plant Load Factor (PLF) of Thermal Plants of the Company which were operational for the full year 2015-16 (excluding newly commissioned TPS-II Expansion) was 76.03%, against the All India average PLF of 62.29%.



FINANCIAL

The total sales turnover of ₹ 6669.05 crore registered in 2015-16 was the highest for any year since inception and it registered a growth of 9.55% over previous year.

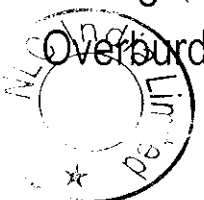
The Profit Before Tax (PBT) and Profit After tax (PAT) for the year 2015-16 were ₹ 1925.88 crore and ₹ 1204.15 crore respectively, as compared to the PBT of ₹ 2383.33 crore and the PAT of ₹ 1579.68 crore registered in 2014-15. As Members may be aware, the main reason for the decrease in the profit was due to the aforesaid unprecedented rainfall and flood experienced affecting lignite production and power generation heavily almost for 35 days from 9th November, 2015 to 13th December, 2015.

DIVIDEND

I am very happy to inform you that the Board of Directors of your Company have recommended a final dividend @ 12% (₹ 1.20 per share) for the financial year 2015-16 in addition to the two interim dividend payments made aggregating to 18% (₹ 1.80 per share) during the year 2015-16. The total dividend for the financial year 2015-16 is 30% (₹ 3.00 per share) as against 28% (₹ 2.80 per share) paid in the previous year. The total dividend outgo for the year 2015-16 including Dividend Distribution Tax is ₹ 604.82 crore compared to ₹ 566.70 crore for the previous year 2014-15 which is 50.23% of PAT for the year 2015-16 (previous year 35.87%). Your Company has paid an amount of ₹ 1929.97 crore for the year 2015-16 to the State Exchequer in the form of Dividend, Dividend Tax, royalty, duties and taxes.

PERFORMANCE IN THE CURRENT YEAR – 2016-17 (APRIL 2016 TO AUGUST 2016)

During the period April 2016 to August 2016, your Company has achieved Overburden removal of 820 LM³ and produced 81 LT of lignite as against



726 LM³ and 91 LT respectively achieved during the corresponding period of previous financial year 2015-16. Overburden removal recorded a growth of 13% during the period April 2016 to August 2016 compared to the corresponding period of the previous year while the lignite production was restricted to deplete the stock which was 46 LT as on 01.04.2016.

The power generated (gross) during the above period was 8511 MU as against 8782 MU during the corresponding period of previous financial year. The shortfall in the generation was mainly on account of surrender of power by the beneficiaries to the extent of 662 MU during the period from April 2016 to August 2016 (impacting the revenue of your Company by ₹ 191 crore) and slow stabilisation of TPS-II Expansion units. The power exported during April 2016 to August 2016 was 7140 MU compared to 7410 MU recorded in the corresponding period of the previous year.

The Profit After Tax (PAT) during the current financial year up to 31st August 2016 is ₹ 411.07 crore (provisional) compared to ₹ 597.59 crore registered during the corresponding period of the previous year 2015-16. The main reason for the reduction in the PAT is on account of surrendering of power by the beneficiaries and low performance of TPS - II Expansion as stated above.

SECTOR SCENARIO

The Energy sector plays an important role in the Indian economy as the sector is one of the largest contributors to the growth of our Nation. Fossil fuels would remain the dominant source of energy powering the global economy, providing around 60% of the growth in energy and accounting for almost 80% of total energy supply upto 2035. India is the third largest producer and fourth largest consumer of Power and has the fifth largest installed capacity in the world.



With the Government targeting 100 GW solar power by 2022, the energy sector will continue to play a critical and defining role in the growth of the nation. Although power generation has grown more than 100 fold since independence, growth in demand has been even higher due to accelerating economic activity.

Coal, Oil and Gas are the primary commercial energy sources. Coal being the largest source of energy in India is meeting two third of the total capacity. About 70% of the coal reserves of the country are from the States of Odisha, Jharkhand and Chhattisgarh. Lignite is available mainly in the States of Tamilnadu, Rajasthan and Gujarat. Major portion of the lignite produced in the Country is used for power generation.

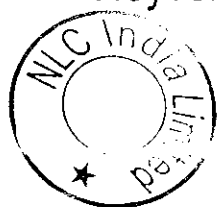
CORPORATE PLAN

Your Company is the first Public Sector Lignite Mining and Lignite based Power generation Company in India. It is spreading its wings in Coal Mining, Coal based Power and Renewable Energy generation. It has been a pioneer in using CFBC technology with the commissioning of 250 MW of Thermal Power Plant at Barsingsar and during 2015-16, 500 MW in Neyveli.

Your Company has an approved Corporate Plan 2025 with a clear road map towards achieving a capacity addition target of 15543.5 MW of Power, 26.3 MTPA of Lignite and 31.5 MTPA of Coal, including its Subsidiaries.

The following Projects are under implementation:

- Development of Talabira II & III Coal Mines in the State of Odisha with a capacity of 20.5 MTPA.
- Neyveli New Thermal Power Project of 1000 MW (2x500 MW) at Neyveli, Tamilnadu.



- Mine I – 10.5 MTPA (Area Expansion) & Expansion of Mine IA (from 3.0 MTPA to 7.0 MTPA) at Neyveli, Tamilnadu.
- Thermal Power Project of 250 MW at Bithnok with a linked mine of 2.25 MTPA capacity at Bithnok, Rajasthan.
- Thermal Power Project of 250 MW at Barsingsar with a linked mine of 1.90 MTPA capacity at Hadla, Rajasthan.
- Solar Power Project of 130 MW at Neyveli, Tamilnadu.
- Solar Power Project of 130 MW at Barsingsar, Rajasthan.
- Wind Power Project of 51 MW at Kazhuneerkulam, Tirunelveli District, Tamilnadu (37.5 MW already commissioned).

In order to reach the projected capacity addition, the following new projects are proposed to be taken up:

- Augmentation of Mine-II by 3.75 MTPA and setting up of Mine-III of 9.0 MTPA capacity in Neyveli, Tamilnadu (proposed to increase the Mine-III capacity to 11.5 MTPA).
- TPS-II Second Expn. Project of 1000 MW capacity in Neyveli, Tamilnadu (proposed to increase the capacity to 1320 MW using super-critical technology) with linked Mine-III of 9.0 MTPA.
- Lignite Mine of 5.0 MTPA at Jayamkondam, Tamilnadu.
- Jayamkondam Power Project of 500 MW capacity in Tamilnadu.
- Sirkali Thermal Power Project of 1980 MW capacity in Tamilnadu (proposed to increase the capacity to 2000 MW using ultra super-critical technology).
- Pit head power project of 2000 MW capacity in Odisha.
- Development of Pachwara South Coal block of capacity 11.0 MTPA.
- Expansion of Barsingsar Mine capacity by 0.4 MTPA.



Renewable energy is increasingly becoming an important source of the energy mix, meeting the twin objectives of energy security and clean energy considerations. Your Company has been given an important role in achieving the ambitious national target of 100000 MW Solar Capacity by 2022. Your Company has put in place its plans to generate 4251 MW through the renewable energy sources. Your Company has laid the foundation for 20 MW Solar Power Plant with battery storage at Port Blair and is planning to set up another 30 MW Solar Power installation with pump storage at Kalpong in Andaman Nicobar Islands. Plans are afoot for installing and commissioning around 3680 MW Solar power plants in different States of the country.

POWER ASSET ACQUISITION

With a multi-pronged approach to Capacity addition, your Company subject to approval of competent authority, has signed a Joint Venture Agreement with Damodar Valley Corporation (DVC) to acquire the 1200 MW (2x600 MW) Raghunathpur Thermal Power Station of DVC. As per the JVA, your Company will be holding 74% of the equity share capital of the Joint Venture Company and the balance 26% by DVC. Ministry of Coal is in the process of obtaining necessary sanction of the Government of India for the above proposal.

JOINT VENTURE PROJECTS

NLC TAMILNADU POWER LIMITED (2X500 MW), TUTICORIN

The coal based thermal power project at Tuticorin, Tamil Nadu, the first Coal based Thermal Station of NLC, consisting of two units of 500 MW capacity implemented through NLC Tamil Nadu Power Limited (NTPL), a Subsidiary Company jointly set up with TANGEDCO, has successfully achieved commercial operation on 18th June 2015 (Unit-I) and 29th August 2015 (Unit-II) and both the Units are fully operational now.



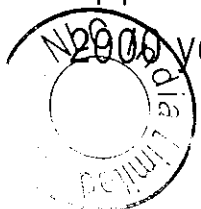
NEYVELI UTTAR PRADESH POWER LIMITED (3X660 MW)

The sanction of the Government of India for setting up of a 1980 MW coal based thermal power plant, consisting of 3 units of 660 MW each, at Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh with an estimated cost of ₹ 17,237.80 crore through the Subsidiary Company, Neyveli Uttar Pradesh Power Limited (NUPPL), a Joint Venture Company with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) has been received and main plant works have been awarded. Government of India has allocated Pachwara South Coal block with a capacity of 11.0 MTPA, in the State of Jharkand for the coal supply to the above power project.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GOVERNANCE

Your Company continues to be a socially responsible Company guided by ethical governance. Your Company not only produce coal and lignite and generate power, but also help building infrastructure, irrigate large tracts of land, promote sustainable environment and ecology, meet the power requirement of users and contribute to the overall wellbeing of society. In addition to usual CSR activities for developing infrastructure, education, women empowerment, Swasth and Swachhata drive, medical and health care of surrounding population, your Company has embarked upon new initiatives like augmenting water resources, water harvesting and providing drinking water through Reverse Osmosis based water vending kiosks.

As part of Skill India Mission, to educate the local youth with employable skills, for the first time in the Company's history, apart from ongoing apprenticeship training imparting vocational skills to around 200 youths each year, your Company has associated with Annamalai



University for launching a Diploma course in Mining. The course will start this year itself wherein local youth including young hands from Project Affected Families will get trained in Mining skills so very essential for the mining industry. Your Company has also provided employment for dignified living to 152 Divyangs - physically challenged persons.

Your Company has launched a new scheme to provide breakfast to the students in NLC schools and also are providing school uniforms to the students of three NLC Higher Secondary Schools studying 11th and 12th classes. Scholarship scheme for higher education for students belonging to SC/ST and OBC categories and also for the Wards of contract workers benefiting around 100 students every year have been launched. In addition, this year it is proposed to give special exclusive scholarship for 75 girl students belonging to the wards of the contract workers by increasing the number of scholarships to 150. A new grand building with all modern facilities has been provided recently to the Kendriya Vidyalaya and a Play School for small kids has been opened in the Township.

Your Company believes in ethical governance and sustainable practices to grow and contribute to the growth of environment and society. As part of green initiatives and water resource management, your Company has already launched schemes like 'Jal Paryapta' by deepening and de-silting lakes and water bodies in and around and 'Jal Udaya' through water harvesting. The 'Jaldhara' Scheme that was launched in a limited way last summer to provide drinking water will be expanded in a bigger way by installing RO based drinking water Kiosks.

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

In recognition of its various activities, your Company has been conferred with the following awards during the year 2015-16:

1. “Excellence in Cost Management Award 2014” from the Institute of Cost Accountants of India in recognition of cost control measures undertaken by your Company.
2. “Star PSU Award” from Bureaucracy Today, for excellence in Corporate Social Responsibility in recognition of commitment and continuous engagement by your Company with communities towards empowering development for a sustainable growth.
3. “Viswamukti Rashtriya Rajbhasha Samman 2015” for effective implementation of Hindi as Official Language.
4. “Excellence in Integrated Water Resource Management Award” from Central Board of Irrigation and Power.
5. “National Golden Peacock Award for CSR-2015” from the Institution of Directors, New Delhi.
6. “Gold Award” for outstanding achievement in CSR from Greentech Foundation.
7. Scope Excellence Award in Corporate Governance.
8. National Golden Peacock Award for Environment management from the Institution of Directors, New Delhi.
9. Runner up Award for Industrial Relations from All India Organisation of Employees (AIOE) and Federation of Indian Chambers of Commerce and Industry (FICCI).



ACKNOWLEDGEMENT

I wish to record my thanks to Ministries of Coal, Power, New & Renewable Energy and Mines, the Government of India for their continued support in all endeavors. I wish to express my thanks to other Ministries and Departments of Government of India, Governments of Tamil Nadu, Rajasthan, West Bengal, Odisha and Uttar Pradesh for their support and co-operation. I also wish to thank State Electricity Boards/DISCOMs and other customers, associates, vendors, local administration and people 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 Recognised 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 continue to be its stakeholders.

Thank you

