DIRECTORS’ REPORT FOR THE YEAR 2013-14

To
The Members,
Neyveli Lignite Corporation Limited

Your Directors are pleased to present the 58th Annual Report of your Company together with the audited accounts for the year ended 31st March 2014.

Performance 2013-14

Year in retrospect
The year 2013-14 was a year of excellence in all fronts once again and your Company scaled new heights in physical and financial achievements.

Highlights - Physical

- Overburden removal from all Mines put together at 1681.72 LM^3 is the highest for any year since inception.
- Lignite production from all Mines put together at 266.09 LT is the highest for any year since inception.
- Power Generation and export from all thermal power stations put together at 19988.65 MU and 16956.40 MU respectively are the highest for any year since inception.
- Lignite production of 15.53 LT and power generation of 1438.24 MU from Barsingsar Mine and power plant are the highest for any year since inception.

Highlights - Financial

- The total sales of ₹5967.23 crore is the highest for any year since inception.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2013-14 of ₹2209.13 crore and ₹1501.88 crore respectively are the highest for any year since inception.

Segment-wise Performance

Mines
The mining capacity of your Company is 30.60 MTPA as on 31st March 2014. During the year 2013-14 your Company achieved the highest ever performance in Overburden (OB) removal and Lignite production. The total OB removal and Lignite production stood at 1681.72 LM^3 (1674.85 LM^3 in 2012-13) and 266.09 LT (262.23 LT in 2012-13) registering a growth of 0.41% and 1.47% respectively.

Mine-I (including expansion)
The capacity of this Mine is 10.5 MTPA. This Mine recorded 563.39 LM^3 of overburden removal during the year 2013-14 as against 502.15 LM^3 registered during the previous year 2012-13 recording a growth of 12.20%. Lignite production during the year was 90.03 LT as against 79.60 LT during the previous year registering a growth of 13.10%.

Mine-IA
The capacity of this Mine is 3.0 MTPA. During the year 2013-14, the overburden removal was 279.15 LM^3 as against 281.81 LM^3 registered during the previous year 2012-13. Lignite production during the year was 30.01 LT as against 29.40 LT during the previous year 2012-13 registering a growth of 2.07%.
Mine-II (including expansion)

The capacity of this Mine is 15.0 MTPA. During the year 2013-14, the overburden removal was 772.93 LM³ as against 813.36 LM³ registered during the previous year 2012-13. Lignite production during the year was 130.52 LT as against 139.44 LT in the previous year 2012-13. Growth could not be registered due to breakdown in the conveyor systems & SMEs. However, it was ensured that the lignite was produced and maintained up to the maximum capacity of the stock yard almost throughout the year.

Barsingsar Mine

The capacity of this Mine is 2.1 MTPA. During the year 2013-14, overburden removal was 66.25 LM³ as against 77.53 LM³ registered during the previous year 2012-13. Lignite production during the year was 15.53 LT as against 13.79 LT in the previous year 2012-13 registering a growth of 12.62%. Overburden removal was restricted as sufficient quantity of lignite had already been exposed.

Output per Man shift

The output per shift during the year 2013-14 compared with the previous year 2012-13 is given below:-

<table>
<thead>
<tr>
<th>Product</th>
<th>Unit</th>
<th>2013-14</th>
<th>2012-13</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lignite</td>
<td>Tonne</td>
<td>12.64</td>
<td>11.97</td>
<td>5.60</td>
</tr>
</tbody>
</table>

Power

The total generation capacity of thermal power stations of your Company was 2740 MW as on 31st March 2014. Your Company has surpassed the previous year generation and achieved all time high in power generation and export during the year under review. The aggregate power generation during the year 2013-14 was 19988.65 MU (19902.34 MU in 2012-13) and the export during the year 2013-14 was 16956.40 MU (16841.51 MU in 2012-13) with a growth of 0.43% and 0.68% respectively. The power generation could have been still higher, but for the surrendering of power by the beneficiary States to the extent of about 288 MU.

Thermal Power Station-I

The installed capacity of this thermal power station is 600 MW. Generation of power during the year 2013-14 was 4058.14 MU as against 4035.43 MU in 2012-13. During the year under review 3277.22 MU was exported to TANGEDCO, the sole beneficiary, as against 3215.98 MU during the previous year 2012-13. Power generation and export of power registered a growth of 0.56% and 1.90% respectively and this Station achieved a Plant Load Factor (PLF) of 77.22% during the year under review. Major overhaul & Residual Life Assessment (RLA) study works were carried out in Unit-III and annual maintenance works were carried out in all other units.

Thermal Power Station-I Expansion

The installed capacity of this thermal power station is 420 MW. During the year 2013-14, the power generation from this station was 3292.10 MU as against 3319.77 MU in 2012-13 and 3013.59 MU was exported as against 3035.58 MU during the previous year 2012-13. The Station achieved a PLF of 89.48%. Annual maintenance works were carried out in both the units during the year under review.

Thermal Power Station-II

The installed capacity of this thermal power station is 1470 MW. During the year 2013-14, power generation was 11179.16 MU as against 11238.09 MU in the year 2012-13. Export of Power to the Southern Grid during 2013-14 was 9399.53 MU as against 9455.81 MU during the previous year 2012-13. This Station achieved a PLF of 86.81% during the year under review. Major overhaul was carried out in Unit-I & Unit-V and annual maintenance works were carried out in all other units during the year.
Barsingsar Thermal Power Station

The installed capacity of this thermal power station is 250 MW. During the year 2013-14, power generation was 1438.24 MU as against 1280.85 MU during the previous year 2012-13 and 1253.03 MU of power was exported to the grid as against 1114.33 MU during the previous year 2012-13. This Station achieved a PLF of 65.66% during the year under review. Annual maintenance works were carried out in both the units during the year.

Productivity

The output per man shift during the year 2013-14 compared with the previous year 2012-13 is given below:-

<table>
<thead>
<tr>
<th>Product</th>
<th>Unit</th>
<th>2013-14</th>
<th>2012-13</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Kwh</td>
<td>22222</td>
<td>21386</td>
<td>3.91</td>
</tr>
</tbody>
</table>

Financial Performance

During the year ended 31st March, 2014, the Company registered a total sales of ₹5967.23 crore as against ₹5590.07 crore recorded in the year 2012-13, registering a growth of 6.75%. The sales registered for the year 2013-14 was the highest ever since inception.

The Profit Before Tax (PBT) and the Profit After Tax (PAT) for the year 2013-14 were ₹2209.13 crore and ₹1501.88 crore, respectively, as against ₹2047.65 crore and ₹1459.75 crore, respectively, registered in the year 2012-13. As compared to the previous year 2012-13, the PBT and the PAT for the year 2013-14 recorded a growth of 7.89% and 2.89%, respectively. The PBT and the PAT for the year ended 31st March, 2014 were the highest for any year since inception.

The reason for increase in the profit for the year 2013-14 was on account of higher sales consequent to increased lignite production, generation and export of power.

The details of profit earned for the financial year 2013-14 and appropriation of the same in comparison with the previous year 2012-13 are as under:

(₹ in crore)

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>2209.13</td>
<td>2047.65</td>
</tr>
<tr>
<td>Tax provision</td>
<td>707.25</td>
<td>587.90</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>1501.88</td>
<td>1459.75</td>
</tr>
<tr>
<td>Appropriation :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Redemption Reserve</td>
<td>15.00</td>
<td>15.00</td>
</tr>
<tr>
<td>Interest Differential Fund Reserve</td>
<td>17.07</td>
<td>15.71</td>
</tr>
<tr>
<td>General Reserve</td>
<td>155.00</td>
<td>150.00</td>
</tr>
<tr>
<td>Interim Dividend</td>
<td>167.77</td>
<td>167.77</td>
</tr>
<tr>
<td>Tax on Interim Dividend</td>
<td>28.51</td>
<td>27.22</td>
</tr>
<tr>
<td>Proposed Final Dividend</td>
<td>301.99</td>
<td>301.99</td>
</tr>
<tr>
<td>Tax on proposed Final Dividend</td>
<td>51.32</td>
<td>51.33</td>
</tr>
</tbody>
</table>
Dividend
The Board of Directors of your Company has recommended a final dividend of 18% (₹1.80 per share) for the year 2013-14. An Interim Dividend @10% (₹1.00 per share) has already been paid to shareholders during the month of March 2014 and taking into account the final dividend of 18%, the total dividend for the year 2013-14 works out to 28% (previous year 28%) and the total dividend outgo including distribution tax will be ₹549.59 crore (previous year ₹548.31 crore), which works out to 36.59% of PAT for the year 2013-14.

MoU Rating for the year 2012-13
Your Directors have pleasure to share with the Members that the Company has achieved ‘Excellent’ rating for its performance during the year 2012-13 in terms of the Memorandum of Understanding (MoU) entered into with the Ministry of Coal as per DPE guidelines.

Disinvestment
In order to comply with minimum public shareholding requirement under Securities Contract (Regulation) Rules, 1957 and Clause 40A of Listing Agreement, the Government of India (GOI), during the year under review had disinvested 5,97,01,260 equity shares, which is around 3.56% of the equity share capital of the Company, through Institutional Placement Programme (IPP). Consequent to the above, the GOI shareholding in the Company is reduced to 90% and the balance is held by FIIs/FIs, Banks, Mutual Funds etc. and Public.

Projects under construction/implementation
Thermal Power Station-II Expansion (2x250 MW)
As reported last year, Unit-I of Thermal Power Station-II Expansion was synchronised with lignite firing in May 2011 and after attending the teething problem it was lighted up again on 8th November, 2012. However, the unit had to be taken out of service on 25th November, 2012 to attend to refractory damage in Seal Pot 2 and failures in Fluidised Bed Heat Exchanger (FBHE) coils and spacer rods. In order to rectify the above, design modifications were made by BHEL in the Super Heater/Re-Heater coil supports in all the four FBHEs, in consultation with M/s. Lentjes, the technology provider and the unit was again synchronised on 13th February, 2014. However the unit was not able to achieve sustained operation and the unit could be in operation only intermittently. The unit is currently under shutdown due to failure in the support system in one of the FBHEs. This has been taken up with BHEL at all levels and also the Ministry of Coal and the Department of Heavy Industry. BHEL is in the process of carrying out further modification to make the FBHEs support system more rigid and reliable. This is being closely followed up to commission the unit early.

In respect of Unit-II, the Boiler was lighted up on 24th October, 2013 and the Turbine was rolled to the rated speed of 3000 rpm and the electrical tests were completed on 25th October, 2013. All the pre-commissioning activities have already been carried out. The modification proposed to be carried out in Unit-I will be carried out in this unit also before light up.
The overall physical progress of the project is 94.73%. As per the recent commitment made by BHEL, the commercial operation of the Unit-I is expected by August 2014 and that of Unit-II by September 2014. The cumulative expenditure incurred up to 31st March, 2014 is ₹2904.44 crore.

**Neyveli New Thermal Power Project (2 x 500 MW)**

Government of India (GOI) has sanctioned the Neyveli New Thermal Power project (1000 MW) at a capital cost of ₹5907.11 crore in June 2011 with a commissioning schedule of 48 months and 54 months for Unit-I & II respectively from the date of sanction. The power station will adopt pulverised fuel firing technology. Two units of 500 MW capacity each will be set up as a replacement of the existing 600 MW TPS-I which has served for more than 50 years. Due to retendering of Steam Generator package, the project has got delayed.

BHEL has been awarded the contract for execution of both Steam Generator Package (NTA 1) and Turbo-Generator Package (NTA 2) at an order value of ₹2569.24 crore and ₹1022.68 crore, respectively. Balance of Plant (BOP) Package has been awarded on M/s. Essar Projects Limited at a value of ₹1159.08 crore. The cumulative expenditure incurred up to 31st March, 2014 is ₹339.15 crore. As per the current status, commercial operation of Unit-I and II is expected by October 2017 and April 2018 respectively.

**Restructuring of Mine-I & IA**

In order to meet the lignite requirement of the Neyveli New Thermal Power Project of 1000 MW capacity being set up at Neyveli, the Board of Directors of your Company had approved the proposal for re-structuring of Mine-I from 10.5 to 8.0 MTPA and Mine-IA from 3.0 to 7.0 MTPA at an estimated cost of ₹1458.17 crore which would result in increase in the Lignite Mine capacity by 1.5 MTPA.

RWE-Germany has been engaged to prepare the Feasibility Report (FR) for this project. Draft Social Impact Assessment (SIA) report has been received and the Expert Appraisal Committee (EAC) of Ministry of Environment & Forest, Government of India has issued the Terms of Reference for conducting Environmental Impact Assessment and Environment Management Plan study.

The draft EIA/EMP reports have been prepared and submitted to TNPCB, Cuddalore. Public Hearing is expected to be conducted soon and final environmental clearance is expected by October 2014. Administrative sanction for additional land with respect to Mine-I has been obtained from Tamilnadu Government and for Mine-IA, it is expected shortly.

**Wind Power Project (51 MW)**

Members may be aware that as part of entering into generation of green energy, your Board of Directors has approved for setting up 51MW Wind Power Project at Kazhuneerkulam, Tirunelveli District with Operation & Maintenance for five years from the actual date of commissioning, at an aggregate cost of ₹347.14 crore. Work Order for setting up of the above project has been issued to M/s Leitwind Shriram Manufacturing Limited, Chennai in August 2013. Commissioning schedule for Wind Power Project is ten months from the date of placing of work order. Supply and erection activities are in progress. The overall physical progress of the project is 33%. The cumulative expenditure incurred up to 31st March, 2014 is ₹41.28 crore.

**Solar Power Project (10 MW)**

As one more step to harness green energy, the Board of Directors of your Company has accorded in principle approval for setting up of 25 MW Solar Power Project at Neyveli, out of which 10 MW will be installed in an area of about 54 acres in first phase and another 15 MW as an expansion in the second phase. M/s. BHEL, Chennai has
been awarded the contract for setting up the above 10 MW Solar Power Project at a cost of ₹74.60 crore, which includes Operation & Maintenance for three years after the warranty period. LOA has been issued to M/s. BHEL, Chennai on 30th April, 2014 and the project is scheduled to be completed within a period of 9 months from the date of LOA.

**Coal Block Allocation**

**Pachwara South**

Pachwara South Coal Block in the State of Jharkhand, having a total reserve of 279 MT of coal has been allocated by Ministry of Coal, Government of India to Neyveli Uttar Pradesh Power Limited, a subsidiary of your Company, for meeting the requirement of coal for its proposed thermal power plant at Ghatampur, in the State of Uttar Pradesh. Terms of Reference (TOR) has been issued by MoE&F in February 2014 and Advance Action Proposal (AAP) for ₹19.45 crore has been sanctioned by Ministry of Coal.

Work order has been issued for preparation of EIA/EMP reports as well as Differential Global Positioning Survey (DGPS). Exploratory drilling is being carried out by CMPDI.

**Jilga Barpali**

Jilga-Barpali Coal Block, in the State of Chhattisgarh, with a total reserve of 546 MT of coal has been allocated by Ministry of Coal, Government of India, jointly to the Company with Chhattisgarh State Power Generation Company (CSPGCL) to develop the Mine and share the coal resources as per the allocation made by GOI. As per the allocation made 396 MT of coal from this block would be used for the proposed 1980 MW (Phase I) of the Sirkali Thermal Power Project, in the State of Tamilnadu.

A proposal for JV between your Company and CSPGCL with an equity ratio of 74:26 has been approved by your Board of Directors and the Joint Venture Agreement (JVA) is expected to be signed shortly, with CSPGCL.

**Joint Venture Projects**

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

Coal based thermal power plant at Tuticorin is being implemented by your Company as a joint venture with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), at a revised estimated cost of ₹6602.74 crore. Boiler Hydro Test for Unit-I was carried out on 28th September, 2012 and the Unit was lighted up with oil on 19th March, 2014. All the major pre-commissioning activities of Unit-I have been completed and the Unit is expected to be commissioned in August 2014.

Regarding Unit-II, Boiler Hydro Test was carried out on 9th November, 2012. Erection works are in its advanced stage of completion. Boiler light up of Unit-II is planned for August 2014 and the Unit is expected to be commissioned during September 2014. The Cumulative expenditure incurred up to 31st March, 2014 is ₹5191.62 crore.

**MNH Shakti**

MNH Shakti Limited a Joint Venture Company promoted by M/s. Mahanadi Coalfields Limited (MCL), NLC & Hindalco with equity participation of 70:15:15 is implementing a 20.0 MTPA coal mining project in Talabira in the State of Odisha. MCL being the major stake holder, is piloting the project. Environmental clearance for this project is yet to be received.
Neyveli Uttar Pradesh Power Limited (3x660 MW)

Members may be aware that your Company had entered into a joint venture with Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) for setting up of 1980 MW (3x660) coal based thermal power project in Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh, at an estimated cost of ₹14,375 crore. The JV Company, Neyveli Uttar Pradesh Power Limited (NUPPL) is a Subsidiary Company with equity participation of NLC and UPRVUNL in the ratio of 51:49. Ministry of Coal (MoC) has accorded sanction for the Advance Action Proposal (AAP) for ₹73.65 crore for carrying out certain preliminary activities. The schedule for completion of the project is 52 months, 58 months and 64 months from the date of sanction by GOI for the 1st, 2nd and 3rd unit of 660 MW each. The Public Investment Board, Government of India has recommended the project proposal for sanction to the Cabinet Committee on Economic Affairs. CCEA would consider the project for sanction once the project gets the environment clearance.

The project was taken up for consideration for issue of environmental clearance by the Expert Appraisal Committee (EAC) and the said Committee had observed that as per the existing policy of MoE&F, the environmental clearance and Stage-I forest clearance for the linked coal block is a pre-requisite. The JV Company has taken necessary steps to obtain environmental clearance and Stage-I Forest Clearance for the linked Pachwara South coal block. For the proposed thermal plant, NUPPL has deposited ₹131.59 crore with the Land Acquisition Department, Kanpur, Govt. of Uttar Pradesh. The Private land to the extent of 767.27 hectares is being acquired. The Company has been given possession letter for 452.013 hectare as on 31 March, 2014. The JV Company has also taken action to acquire 60.7310 hectare of Government land lying within the project boundary.

Power purchase agreement has been signed with Uttar Pradesh Power Corporation Limited. Government of Uttar Pradesh has accorded sanction for supply of 80 cu. sec. of water from the West Allahabad branch canal downstream of Bidhnu Kasba Village for the above project.

M/s. Desein Private Limited, New Delhi has been appointed as the Consultant for the project. The tenders inviting EOI for the three packages viz., Steam Generator and Auxiliaries, Steam Turbine Generator and the Balance of Plant (all other auxiliary Packages) have been floated and the processing of EOIs are in progress. Preparation of tender specifications is also in progress. M/s. RITES has been assigned the work of carrying out the feasibility study for railway siding for the proposed coal based thermal power project. A site office for the above project has been constructed at Ghatampur and was inaugurated on 24th February, 2014.

New Projects under formulation

Bithnok Thermal Power Project (250 MW) with linked Mine (2.25 MTPA)

Your Company has proposed to set up a lignite based Thermal Power Plant of 250 MW capacity with linked Mine of 2.25 MTPA at Bithnok in Bikaner District, in the State of Rajasthan at an estimated cost of ₹2298.83 crore. The Board of Directors of your Company has accorded approval for payment of ₹94.56 crore to Government of Rajasthan towards acquisition of lands for Bithnok Mine Project.

State level Environmental Impact Assessment Authority, Rajasthan has already issued environmental clearance in respect of TPS. For the linked Mine, Expert Appraisal Committee (EAC) of MoE&F has recommended the project for environmental clearance. Environmental clearance will be issued by the authorities only after obtaining the Stage-I Forest clearance for which necessary application has been made by the Company.

Barsingsar Thermal Power Station Extension (BTPSE) (250 MW) linked to Hadla Lignite Mine (1.9 MTPA)

Members may be aware that with a view to utilise the lignite deposits in Hadla lignite block, your Company has proposed to set up a 250 MW lignite based thermal power plant with linked Mine of 1.9 MTPA capacity in Bikaner.
District of Rajasthan, as an extension of the existing Barsingsar Power Station. Preparation of Feasibility Report (FR) for Thermal and Hadla Mine have been completed.

Environmental clearance for Hadla Mine Project and for BTPSE project have been obtained. Geological Exploration & Survey Work in the Palana Mine block initiated by your Company could not be taken up due to resistance by villagers. Considering the encroachments on the Palana lands and the resistance from the villagers, it is proposed to drop Palana Mine Project and the fuel requirement of BTPSE will be met by operating the existing Barsingsar Mine and Hadla Mine.

Sirkali Thermal Power Project (4000 MW)
Your Company, has proposed to set up a 4000 MW coal based coastal thermal power project, in two phases, at Sirkali, Nagapattinam District in the State of Tamil Nadu. In the first phase 1980 MW is proposed at an estimated cost of ₹14,482 crore. The Board of Directors of your Company has accorded approval for AAP of ₹56.52 crore for taking up pre-project sanction activities. LOA for the Consultancy services for the preparation of Feasibility Report (FR) has been issued to M/s. Tractabel and preparation of FR is in progress.

Action has been initiated for preparation of FR for Coal jetty and Marine EIA study. Your Company has taken up with District Administration to expedite the issue of administrative sanction for acquiring 1221.82 hectares of land for this project.

Barsingsar Solar Power Project (10MW)
A proposal is under consideration to set up a Solar Power Plant of 10MW capacity at Barsingsar, at an estimated cost of ₹92.83 crore.

Devangudi Mine Project
Your Company had earlier proposed to develop Devangudi Mine Block of 2.0 MTPA capacity at an estimated cost of ₹542.67 crore to cater to the requirements of small industries around Neyveli. It is proposed to drop the above Mine project at present due to the prevailing non-favorable regional ground water scenario as per the Regional Ground Water Study conducted recently by IIT Chennai and to meet the stipulation of restriction in pumping of water by MoE&F in Neyveli area.

Coal Assets Abroad
In order to ensure fuel security for the coal based power projects, your Company plans to acquire coal assets abroad and in this connection had floated an Expression of Interests (EOI). Based on the response to the EOI it has been decided to further process the offers received from the firms having explored Mine field and are on the lookout for partners to develop the said Mine. Technical, financial and legal due diligence studies in the order of priority with respect to reserve size of the Mine field will be carried out and necessary action has been taken to appoint a consultant for carrying out the above studies.

Power Tariff
The Central Electricity Regulatory Commission (CERC) initially constituted under the Electricity Regulatory Commission Act, 1998 is a statutory body now functioning under the Electricity Act, 2003 which has repealed the ERC Act-1998, has the responsibility to regulate the tariff of Generating Companies owned or controlled by the Central Government and Generators having sale of electricity in more than one State. Tariff orders for the period 2009-14 in respect of TPS-I, TPS-I Expansion and TPS-II have been issued by CERC. Tariff petition has been filed before CERC for the Barsingsar Power Plant and CERC has awarded provisional tariff for the power exported from this project for the period from COD up to 31.03.2014. Filing of tariff petitions for the period 2014-19 is underway.
Dues - Power & Lignite sales
During the year 2013-14, the realisation of power dues of the Company increased considerably with respect to the previous year as a result of ardent efforts put forth by the Company at various levels and with the support of MOC. The outstanding dues of the Company as on 31.03.2014 was ₹2206.53 crore in which the power dues accounted for ₹1985.26 crore, comprising normal dues of ₹1064.46 crore (i.e., dues within the allowable 60 days limit) and over dues of ₹920.80 crore (viz., dues exceeding the permissible 60 days limit). The corresponding dues as on 31.03.2013 was ₹3802.37 crore in which the power dues accounted for ₹3413.47 crore comprising normal dues of ₹789.08 crore and over dues of ₹2624.39 crore.

Rebate Scheme/One time Settlement Scheme for Realisation of Dues
Your Company is following a graded rebate scheme to incentivize prompt/early payment of monthly power bills. Your Company also managed to recover ₹309.61 crore of surcharge income pursuant to a settlement worked out with TANGEDCO. Further, Power Purchase Agreements (PPAs) with TANGEDCO were renewed/amended to incorporate payment security clause in line with the industry practice for appropriation of any payments first against surcharge and then against earlier unpaid bills, statutory dues and then monthly bills. Efforts are on to get the PPAs with other Discoms also amended.

Credit Rating
Your Company has obtained highest credit rating of “AAA/Stable” from ICRA, CRISIL and Brickworks for the loans obtained for its various projects in Neyveli and Barsingsar.

Research and Development (R&D)
Centre for Applied Research & Development (CARD), the In-house R&D centre of your Company had complied with the R&D guidelines successfully by completing five R&D project activities. The total R&D expenditure incurred during the year 2013-14 was ₹14.34 crore which is around 1% of PAT for the year 2013-14.

Currently two Coal S&T projects on corrosion problems in Specialised Mining Equipment (SME) in mines and development of alternate materials to prevent erosion corrosion in de-watering pipes in mines are in progress. A Memorandum of Understanding (MoU) was signed on 28.03.2014 with Indian Institute of Technology, Madras for a joint research consultancy project “Delineating of buried sub-surface objects, hard bands in open-cast mines”. The study aims to find buried objects in mines using Ground Penetration Radar technology. As a measure of expanding its R&D activities, your Company had invited proposals through ‘Expression of Interest’ basis for undertaking projects to resolve certain identified problems. The proposals received are under scrutiny for implementing the projects.

CARD has been granted accreditation for chemical and mechanical testing by National Accreditation Board for Testing and Calibration Laboratories (NABL). The Accreditation has been granted for a period of two years from 17th December, 2013. CARD is taking efforts to take up projects on Clean Coal Technologies. Your Company is in discussion with M/s. KOBELCO, Japan to upgrade the lignite for power generation. Discussions are in progress with M/s. Environmental Clean Technology, Australia for developing a technology to produce lignite pellets of high calorific value with less moisture. Further, discussion for possibility of utilising the dried lignite in reduction of iron ore (millings) to iron and also with lignite consuming industries for the suitability of the pellets in their system is also in progress.

Your Company has identified the potential of fly ash as a pozzolanic material and ways and means for gainful utilisation of fly ash. It has also identified the potential use of bottom ash in construction activities as a substitute for sand by 50% and has entered into an MOU with VIT University to undertake a study. The joint research has yielded positive results, proving that bottom ash can replace sand in cement mortar and cement blocks. Based on research experimental building has been constructed in Neyveli using bottom ash.
Human Resource Management

Human Resource

Your Company takes pride in its competent and highly motivated human resource and maintain harmonious relationship that leads to achieving organisational as well as individual goals. The human resource has been the backbone of your Company in driving operational and financial performance. The thrust on achieving higher growth and optimal utilisation of manpower continued in the year under review also. The productivity of the employee has been demonstrated by increase in the lignite production and power generation. The total manpower of your Company as on 31st March, 2014 was 16849.

Employee Development

Your Company has continuously promoted training, learning initiatives for skill and competency building and overall development for not only its own employees but also for the surrounding society. The training programme includes management, mining operation, power station operation and maintenance, project construction, erection, commissioning and information technology. During 2013-14, 550 in-house programmes on the above topics covering 16,000 employees were organised. Leadership development programme was also arranged for senior executives to harness their skills.

Industrial Relations

Your Company continued its faith in participative management and industrial relations remained harmonious and cordial.

Implementation of Official Language

In line with the Government of India policy and the provisions prescribed under the Official Languages Act, 1963 your Company made concerted efforts to promote the official language. Hindi workshops on topics such as usage of Unicode fonts in computers, glossary of standard expressions and phrases used in office noting and correspondence, salient features of the above Act and its rules and official language policy of Union were organised. Third sub-committee of Parliamentary Committee on official language inspected the implementation of official language. Your Company has been conferred with “Rajbhasha Vishista Samman” award instituted by Centre for Training and Development.

Reservation of Posts

Your Company continues to follow the directives of the Government of India with regard to reservation for SC and ST. The details of group-wise Men-in-Position (MIP) as on 31st March, 2014 are as under:

<table>
<thead>
<tr>
<th>Group</th>
<th>Total Strength</th>
<th>Strength of SC/ST</th>
<th>% of SC/ST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SC</td>
<td>ST</td>
</tr>
<tr>
<td>A</td>
<td>4251</td>
<td>873</td>
<td>269</td>
</tr>
<tr>
<td>B</td>
<td>75</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>C</td>
<td>11114</td>
<td>2210</td>
<td>109</td>
</tr>
<tr>
<td>D</td>
<td>1409</td>
<td>327</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>16849</td>
<td>3423</td>
<td>408</td>
</tr>
</tbody>
</table>
Leadership Development

Your Company organised Leadership Development Initiative covering 240 executives involving mix of tools and simulations for mapping their competency against the competency framework. The programme containing individual and group exercises provides an opportunity to display the range of individual behaviour.

Environment Management & Sustainable Development Projects

Your Company is adopting the best Environment management practices and eco conservation measures since inception. The Board of Directors have approved an Environment Policy focusing on clean and green environment.

Your Company’s Mines and Thermal Units are accredited with Environment Management Standards of ISO 14001 and Occupational Health and Safety Assessment (OHSAS) 18001.

Towards conservation of ecosystem, mined out land is reclaimed and converted into agricultural lands, orchards, afforestation and ponds. During the Financial Year 2013-14 an area of about 113 hectares of land has been reclaimed in all the three mines in Neyveli. The slopes that are developed owing to dumping of overburden is stabilised with thick green belt development which has various positive impact on the environment. During this financial year, efforts were undertaken to achieve 100% utilisation of fly ash generated from the Thermal Power Stations.

The Air environment is continuously monitored by Computer Aided Ambient Air Quality Monitoring Station. Water and effluent quality are periodically analysed to check current pollution levels. The stack emission from Thermal power plants are continuously monitored. Both the Ambient Air quality and stack emission are connected to CARE Air Centre of Tamil Nadu Pollution Control Board (TNPCB) and the pollution levels at Neyveli are monitored at TNPCB office.

Your Company has developed a thick green cover in its Industrial Units as well as in the Township area. More than two lakh trees have been planted in and around the Mine and Thermal units during this year alone to maintain ecological balance.

Usage of plastic carry bags has been banned in Neyveli Township area and your Company is also operating a plastic recycle plant wherein waste plastic is converted into tar for usage in road formation.

Your Company has an approved Sustainable Development Policy and as per the same Sustainable Development Projects are undertaken in the area of climate change, eco conservation, water conservation, energy conservation, green energy and sustainability training. In pursuit of the Nation’s commitment to act early towards climate change, your Company has taken up collaborative studies with Pondicherry Engineering College on “Sequestration of CO₂ and production of Bio-fuel from flue gas from Thermal Power Plant” and base line study has been completed. Sustainability development training was imparted to women employees.

The aquifer in the Neyveli and surrounding areas is maintained by conservation as well as recharging methods. Utilisation of storm water for domestic and industrial purpose ensures water conservation. Rainwater harvesting and check dam with percolation wells ensures recharge of the aquifer.

Towards its commitment to reduce the Carbon footprint, your Company is implementing renewable energy Projects viz., 51 MW Wind Power Project at Kzhuneerkulam and 10MW Solar Power Project at Neyveli.
Safety
Your Company is taking best efforts in the industrial safety area. Central Safety Wing of the Company conducts Risk Assessment and Safety Audit separately for Mines and Thermal Power Stations in regular periodicity by engaging accredited external agency and the recommendations are implemented. As a result of the above and the concerted efforts taken in creating increased safety awareness among the employees of both departmental and contractual besides organising training programmes like Refresher & Basic courses, job related briefing etc., your Company could achieve Excellent Level in the safety parameters under MoU with the Government for the year 2013-14 and in addition to this overall achievement, zero accident potential was achieved for the year 2013-14 at Mine and Thermal Power Station of Barsingsar and Thermal Power Station-II at Neyveli.

Risk Management
A Risk Cell headed by Chief Risk Officer with Risk Officers in various units of your Company is in place which identifies the risks and suggests mitigation plans. The Risk Management Committee of Board of Directors periodically reviews the identified risks and also the mitigation plans.

Vigilance
Based on the suggestion of the Vigilance Branch, various circulars/guidelines have been issued for streamlining the rules/procedures etc. Vigilance Awareness Week - 2013 was observed from 28.10.2013 to 02.11.2013. As greater transparency facilitates in improving the system & procedure and minimise the scope for corruption, all efforts are taken to improve the transparency by leveraging technology through e-governance initiatives.

MoU with Transparency International
Your Company has signed a Memorandum of Understanding with Transparency International India, part of Asia Pacific forum comprising 20 nations. Transparency International India is the Indian chapter of Transparency International, based at Berlin.

Township
Your Company’s Neyveli Township spread over 50.Sq.Kms with about 21,000 residential quarters with a total population of about 1,35,000 is a self-contained unit with all infrastructural facilities that include schools, college, sophisticated general hospital, library, swimming pools, air-conditioned auditorium, stadium, community welfare centres, recreation clubs, reading rooms, parks, banks, shopping complexes etc. Township with all facilities has also been established in Barsingsar.

Medical Services
Your Company maintains a 355 bedded General Hospital at Neyveli that takes care of the health and medical care needs of its regular employees, contract workmen and their eligible dependants. Delivery of medical care services includes broad specialties like general medicine, general surgery, paediatrics, obstetrics & gynaecology, orthopaedics, ophthalmology, ENT, dermatology, chest medicine and psychiatry, ayurveda and occupational health services. Ayurveda and occupational health services, renders your Company’s health care model unique. Clinical support services in Anaesthesiology give the hospital the cutting edge to take up general surgeries and specialised surgeries. Diagnostic support services in clinical laboratory and radiology/imaging services provide the hospital the needed expertise in undertaking wide range of investigations that form the basis for diagnosis and disease management.
Your Company has upgraded the emergency care unit and the laboratory facility with state of the art diagnosing devices like bed side Multi-parameter monitors, nebulizers, defibrillators, central oxygen and suction lines besides ECG, including Tele-ECG. The upgraded minor operation theatre facilitates taking up minor surgical procedures in trauma cases.
During the year under review, 8.08 lakh patients were treated at Out-patient Department (OPD) of the General Hospital, besides treating 1,88,532 patients in the Dispensaries located in Block-29 and Block-30. In addition, 15,959 patients were rendered in-patient treatment.

The General Hospital had organised Family Planning Services, Revised National Tuberculosis Control Programme, National Leprosy Control Programme, AIDS Screening and Control Programme as a part of National Health programmes. Your Company has also embedded crisis listening by instituting MITHRA to help individuals in distress particularly adolescent and late adolescent children who are stressed out due to various scholastic pressures, relationship and emotional problems. MITHRA, functioning since October 2013, is managed by a Psychiatrist and trained volunteers.

Corporate Social Responsibility

Your Company, as a socially responsible corporate citizen, continues to carry out development works in the surrounding villages, right from its inception, focusing on the socio economic development of the operating regions for achieving inclusive growth.

- An annual budget of not less than 1.5 % of the profit after tax has been created by your Company and the CSR projects are monitored periodically by a Sub-committee of Board of Directors. Your Board of Directors have sanctioned a budget of ₹26.30 crore for CSR Projects for the year 2013-14.
- Timeframes and milestones are set through Baseline Survey before commencement of the CSR Projects.
- Initiatives of State/Central Government Departments/Agencies are dovetailed/ synergized with the CSR activities of your Company.

The CSR expenditure of your Company for the year 2013-14 is ₹26.30 crore. The major CSR initiatives undertaken during the year 2013-14 are given below:-

CSR – Peripheral

Members may be aware that a structured Development Scheme is in operation for executing capital works for developing social infrastructure and building Sustainable Community Assets which benefits the villages surrounding Neyveli in Tamil Nadu and Barsingar in Rajasthan State. Infrastructure development works like drinking water facility by sinking/ maintaining the bore-wells, constructing RCC water tanks, roads, additional school buildings, laboratories, libraries, bridges, additional infrastructure for primary health centres for developing medical facilities, de-sitting of lakes etc., are being carried out on the basis of needs and priorities. Works numbering 24 for a value of ₹583.30 lakh have been carried out during the year under review for the benefit of the population in the areas surrounding the operating localities. Continuous supply of water to nearby villages for irrigating over 23,000 acres of land is continued in the Neyveli region.

CSR - Community

Your Company continues to extend all assistance including grant and infrastructure to Sneha Opportunity Services at Neyveli to run a day-care, education and training centre for special children of the region.

Neyveli Health Promotion and Social Welfare Society at Neyveli patronised by your Company has been serving the society by supplying artificial limbs/calipers to the differently abled, apart from running a school for the hearing impaired and a Computer Centre, imparting training for physically challenged, widows and destitutes and gainfully employing them.

CSR focused training programmes were organised for the benefit of the students, teachers and the population of Neyveli locality, in which 5,064 persons participated. Five women and 205 men from various peripheral villages were trained during the year in operation and maintenance of Light Motor Vehicles, Heavy Transport Vehicles, Earth Moving Equipment Operation, Vulcanising, Solar Instruments Assembly, Service & Maintenance and Air Conditioning Machines Maintenance and Repairs.
During the year 2013-14, your Company has contributed ₹250 lakh to the Prime Minister's Relief Fund towards relief and rehabilitation works in the flood affected area of Uttarakhand State.

**CSR - Education**

Your Company offers best education through its 10 schools – 3 Higher Secondary Schools, 2 High Schools, 3 Middle Schools and 2 Elementary Schools to the wards of employees and also to the students from surrounding villages. During the year under review, the students’ strength in these 10 schools was 6746. Apart from this, in the Neyveli Township 15 other schools are also being run by private institutions catering to around 25,000 student population mostly from the surrounding rural villages.

Your Company has imparted motivational and exam-skills training during the year to 2910 girls and 2356 boys of X and XII Standards in Neyveli and 14 peripheral village schools.

Your Company provides infrastructural support and also periodical financial support to Rajiv Gandhi Education Society, Barsingsar for providing quality education and technical training to the children of villages around your Company’s project-sites in addition to the Jawahar Education Society at Neyveli.

The establishment of an Industrial Training Institute in Barsingsar village was completed by your Company in the year 2012-13. NCVT approved courses in Horticulture and Electrician trades have commenced from October 2012 and Fitter and Welder trades have commenced from October 2013. During the year, 167 students have been imparted Industrial/Technical Training in these trades.

**CSR - Health**

Your Company provides quality medical treatment and occupational health service through its General Hospital to all the inhabitants of Neyveli Township and its surrounding villages, including comprehensive medical treatment to the Contract Workmen and their family members.

During the year 2013-14:

- Free medical consultation with minimum anti-biotic therapy and vitamins was extended in 92,912 instances to out-patients from the rural public. Another 25,620 patients were given emergency treatment for various causes.
- Community Health Screening for diabetes, Hypertension and HIV covering 9,740 persons during the Annual Book Fair and Safety Week Celebration was carried out and counseled for behavioural change.
- 12 medical camps were conducted in peripheral villages located in the area surrounding Neyveli Township in Cuddalore District 5204 persons of these 12 villages were screened and given medical advice and medicines through the camps. During the camps, 664 Random Blood Sugar Tests were taken, 229 Electro Cardio Grams were generated and 329 persons were provided with vision glasses. 682 patients were referred for inpatient treatment of which 329 persons underwent the inpatient treatment.

From February 2013 onwards, your Company is providing nutritious food supplement to about 270 HIV affected children belonging to the Cuddalore District HIV Positive Society, Cuddalore.

Your Company has instituted “NLC Chair on CSR” with Institute of Public Enterprise, Hyderabad and contributed ₹100 lakh for the same, as corpus.

**ISO Certification**

Your Company's Mines and Thermal Power Stations at Neyveli are certified with ISO 9001, ISO 14001 and OHSAS 18001 by reputed agencies for their sound systems and practices. In addition to the above, the Contracts Department, Employee Development Centre and the Vigilance Department have been certified under ISO 9001.
General

Contribution to the cause of Women

Your Company's human resource is represented by 7.5% of Women employees. Programmes on women empowerment were organised during the year under review. Your Company actively participated and deputed women employees for the programmes organised by “Women in Public Sector” (WIPS) under the aegis of SCOPE.

Visit of Parliamentary Committees

During the year the following Parliamentary Committees had visited your Company:

a. Committee on welfare of Other Backward Classes.
b. Committee on Industry and Standing Committee on Coal & Steel.
c. Committee on welfare of SC & ST.
d. Committee on Vigilance.
e. Committee on Official Language.

Awards & Recognition

Awards received by your Company during the year 2013-14 are given below:

• SCOPE “Meritorious Award for Environmental Excellence & Sustainable Development.” for the year 2011-12, instituted by Standing Conference of Public Enterprises (SCOPE).

• SCOPE award for Excellence and Outstanding contribution to the Public Sector management for the year 2011-12.

• National Energy Conservation Award - ‘First Prize under mining domain’ for the year 2013 instituted by Ministry of Power, presented by Hon’ble President of India.

• 14th Annual Greentech Environment Award – 2013 (Gold Category) from Greentech Foundation under Thermal Power Sector and Silver Shield Award to Thermal Power Station-I Expn. for being the best coal/lignite based Thermal Power Stations in respect of Environment Management and Energy efficiency for 2012-13, for the second consequent year.

• Greentech CSR Award – 2013 from Greentech Foundation, in Silver Category.

Business Responsibility Report (BRR)

The Business Responsibility Report (BRR) for the year 2013-14, covering the initiatives taken by the Company from an environmental, social and governance perspective forms part of this annual report 2013-14.

Compliance under Persons with Disabilities Act, 1995

Your Company ensures compliance of provisions under the Persons with Disabilities Act, 1995. Suitable arrangements/modifications are made in the working place to meet the requirements of persons with disability.

Compliance under the Right to Information Act, 2005

Your Company ensures compliance under the Right to Information Act, 2005. A Central Public Information Officer, two Appellate Officers, one Transparency Officer, and seventeen Central Assistant Public Information Officers representing different functional areas have been nominated to attend to the queries and appeals received under the RTI Act in a time bound manner.

During the year 2013-14, under the above Act, 324 numbers of applications containing 1626 queries were received and out of the same 285 applications covering 1432 queries have been replied.
Compliance under Public Procurement Policy
The Ministry of Micro, Small and Medium Enterprises (MSME) has notified the Public Procurement Policy and in terms of the said notification, an annual target for procurement from MSE was set for the three years beginning from the FY 2012-13. The target set for the FY 2013-14 for procurement of such items which are within the scope of MSEs was 15% and as against the same the achievement was 23.01%.

Two Vendor Meets were conducted at Neyveli out of which one meet was conducted exclusively for MSEs.

Citizen's Charter
Your Company maintains Citizen's Charter, indicating details of clients, customers under different heads, system of redressal of grievance etc. and the same is regularly updated.

Particulars of Employees
Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 – Nil.

Energy Conservation and Research & Development
The particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 regarding energy conservation measures, technology absorption and expenditure on R&D are furnished in Annexure–1.

Management Discussion & Analysis Report and Report on Corporate Governance
The Management Discussion & Analysis Report is furnished in Annexure-2. The report on Corporate Governance and the Auditors’ Certificate on the compliance of Corporate Governance conditions stipulated by Clause-49 of the Listing Agreement and DPE guidelines are furnished in Annexure-3 and 4 respectively.

Auditors
Cost Audit
M/s. Srinivasan, Sundaram & Associates, Cost Accountants, Chennai, were appointed as the Cost Auditor for the year 2013-14, to carry out the cost audit for the Mines & Power Stations of the Company. The Cost Audit Report for the year 2012-13 was filed with the Ministry of Corporate Affairs on 23.09.2013 against the due date of 27.09.2013.

Branch Audit
M/s. Surender K Goyal & Co., Chartered Accountants, Rajasthan, has been appointed as the Branch Auditor for the year 2013-14 by the Comptroller and Auditor General of India (C&AG) for conducting the audit of Mine and Thermal Units at Barsingsar.

Statutory Audit
M/s. Sreedhar, Suresh and Rajagopalan, Chartered Accountants and M/s. P.B. Vijayaraghavan & Co., Chartered Accountants, Chennai, were appointed by the C&AG as the Joint Statutory Auditors for the year 2013-14 under Section 619 (2) of the Companies Act, 1956. The Board of Directors of your Company has fixed ₹18 lakh plus applicable service tax as the Statutory Audit fees, to be shared equally by the Joint Statutory Auditors.

C&AG’s Comments
C&AG’s Comments on the accounts for the year ended 31st March, 2014 is furnished in Annexure-5.

Directors’ Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956
The Board of Directors declares:-

a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the Directors had prepared the annual accounts on a going concern basis.

Board of Directors

Shri.M.B.N.Rao resigned from the Board w.e.f.09.08.2013. Shri. R.Kandasamy relinquished the position as a Director on 30.09.2013 on attaining the age of superannuation. Shri. N.S. Palaniappan, the then Principal Secretary to Government of Tamilnadu, Industries Department, relinquished his Directorship w.e.f.24.10.2013.

Sarvashri. S.K. Roongta, L.N. Vijayaraghavan, A.P.V.N. Sarma, V. Murali, and M.M. Sharma relinquished the position as Directors w.e.f.30.09.2013 on completion of three year tenure and Shri. R.K. Mishra also relinquished the position as a Director w.e.f.24.03.2014 on completion of three year tenure.

Dr. Sanjay G Dhande whose three year term of office ended on 25.06.2013 was re-appointed as a Director w.e.f.06.09.2013. Sarvashri. S. Boopathy, C.V. Sankar (Principal Secretary to Government of Tamilnadu, Industries Department) and C.Balakrishnan were inducted into the Board w.e.f.01.10.2013, 18.12.2013 and 23.12.2013 respectively.


Shri. Rakesh Kumar and Shri S. Rajagopal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Acknowledgement

The Board of Directors of your Company places on record its sincere appreciation for the continued support and guidance extended by the Ministry of Coal, Ministry of Power, Ministry of Finance, Ministry of Environment & Forest, Ministry of Industry, Ministry of Labour, Ministry of Heavy Industries, Planning Commission, Central Electricity Authority, Central Electricity Regulatory Commission, State Electricity Boards and beneficiaries of Tamil Nadu, Andhra Pradesh, Telengana, Karnataka, Kerala, Puducherry and Rajasthan and also the Joint Venture partners, viz.,Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL) and Mahanadi Coalfields Limited (MCL) and Hindalco.

The Board of Directors of your Company is pleased to acknowledge with gratitude the co-operation and continued support extended by the Governments of Tamil Nadu & Rajasthan and the District Administration of Cuddalore & Bikaner. The support and co-operation by the Comptroller and Auditor General of India, Statutory Auditors, Branch Auditor, Cost Auditor, Director General of Mines Safety, the Factory & Boiler Inspectorates, Chief Inspector of Factories, Director of Boilers, Central Pollution Control Board, State Pollution Control Board, Chief Controller of Explosives, Regional Labour Commissioner, Regional Provident Fund Commissioner, Company’s Bankers and KfW of Germany need special mention and the Directors acknowledge the same.

Your Directors also wish to place on record their appreciation for the dedicated work put forth by the employees at all levels. The positive role played by the recognised Trade Unions and Associations of the Engineers and Officers in maintaining cordial industrial relations deserves special mention.

for and on behalf of the Board of Directors

PLACE : Chennai
DATE : 14.08.2014

B. SURENDER MOHAN
CHAIRMAN-CUM-MANAGING DIRECTOR
A. Conservation of energy

a. Energy Conservation activities carried out in various Units

1. Optimum utilisation of conveyor drives effected by isolating excess drive motors in Conveyors based on the load conditions in different benches in Mine-II.

2. Energy saving Variable Voltage Variable Frequency (VVVF) controls with PLC is introduced in all the Mine II Expansion Machines & conveyors.

3. PLC is introduced in place of contactor circuit in the stockyard supply conveyors system, old B5 Drive heads and in BWE 1422 superstructure and loading unit control circuits.

4. 30 Nos. of 25KVAR new capacitor retrofitted in GWC bore-wells, 50Nos. of 5 KVAR capacitor banks were commissioned in seepage bore-wells.

5. SOLAR Power panel for lighting system was installed in Time office area of TPS-I Expansion and 3 Nos, of Solar based stand alone street pole lights are installed in substation in Mine-II.

6. Replacement of conventional tube lights with energy efficient LED lamps in BWE machines, drive heads and in offices of Mine-II and replacement of 80 numbers of street light fitting of 70w HPSV by 2x18W CFL. 150W High Power Sodium Vapour (HPSV) street light fittings with 70W HPSV street light fittings. 52 numbers of 4x20W Tube Light fittings were replaced with 3x14W T5 light fittings were done in TPS-I Expansion.

7. Re-arrangement & Clubbing of loads on 25/30 MVA, 230/11KV Transformer in Sub Station were done during low loading periods like conveyor shifting, re-routing & during overhaul etc., resulting in isolation of one 25/30 MVA power transformer to get optimum utilisation of loading capacity & saving of energy in Mine-II.

8. Timers have been introduced to switch off street lights in Mine-I, Mine-I A and Township.

9. In New Surface Bench system, Lignite Bench System and Top Bench System, Conveyors length and leads were optimised and numbers of conveyors were reduced thereby lowering the Specific Energy Consumption in Mine-I.

10. Replacement of Damaged fills in the cooling towers and cleaning of silt deposit in cooling tower number 5 in TPS-I was carried out which resulted in improvement of condenser vacuum and thereby saving in the consumption of Lignite.

11. Stopping of third to last rows of ash transporters operation below ESP for 12hrs during the day when firing good quality of lignite, to reduce consumption of compressed air and to stop one compressor at that time in TPS-I Expansion.

12. Replacement of 42 numbers of standard LT motor (415V) of various capacities with similar capacity Energy Efficient Motor (EFF2) for auxiliary drives in TPS-II.

13. As an energy saving measure and to meet Energy conservation target, a solar power plant was commissioned as a ‘Renewable Energy’ project to conserve Power at Neyveli Central Library catering the 2 KW load of Reading room in Township.
b. Additional Investments proposal for the year 2014-15

The estimated cost of additional investment proposals for reduction of energy consumption is ₹699.83 lakh.

c. Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods

The implementation of recommendation of Energy Audit in various Units and as well as other improvement/conservation measures resulted in a saving of 1.7 Million Units for the year 2013-14.

B. Technology Absorption

Efforts made in technology absorption
As per Form-B annexed.

Total foreign exchange earnings and outgo
Total foreign exchange used : ₹52.88 crore
Total foreign exchange earned : NIL

***
FORM-B

Form for disclosure of particulars with reference to absorption of technology

I. Specific area in which R&D is carried out by the Company

The thrust areas of R&D during the year are:

i. In the Coal S&T Project “Development of customised Organic Coatings for corrosion protection of specialised mining equipments at Neyveli Lignite Mines”, paint schemes were formulated and supplied by Central Electrochemical Research Institute, Karaikudi (CECRI) based on the initial corrosion studies. Coatings were done in one of the Bucket Wheel Excavators in Mine-I & II and deployed into operation. The performance will be evaluated further.

ii. In the ongoing Coal S&T project “Enhancing Life of De-watering pipes Coal/Lignite Mines by prevention of Erosion-Corrosion with Nano-Crystalline surface Engineering treatments” soil and water samples were collected and characterised to assess the overall profile of corrosion environment in mines and influential factors that affect the life of pipes were identified. The mode of interaction and the level of interaction are modelled to figure out the model of pipe failures.

iii. Laboratory scale column tests were carried out in the project ‘Studies on Synthesis of Zeolites from Lignite Fly Ash and its efficiency in Cooling Water Treatment’ to determine performance of the zeolite pellets produced from lignite fly ash, in continuous operation. Based on the data generated from lab scale column studies, the size of the softener column for pilot plant scale operation was identified.

iv. In the project ‘Utilisation of Bottom Ash for the replacement of river sand’ Hindered settling bench scale facility was established in CARD for feasibility studies on the removal of un-burnt carbon in bottom ash by wet method. Carbon removed bottom ash samples were sent to Vellore Institute of Technology to study its suitability for construction purposes. Construction of a Model building, with partial replacement of sand, is in progress to validate the laboratory findings.

v. In the project ‘Reclamation of Slag Dump areas in Mine-II suitable for development of Green Cover’ detailed soil investigations was completed. Since the entire areas is highly acidic and devoid of major plant nutrients suitable amendments to alleviate the adverse soil condition were identified and suitable tree species were also selected. Planting of trees were commenced and further evaluation works are progress.

vi. Stabilisation of haul roads with chemical additives is a promising solution to prevent deterioration of haul roads and reduce dust emission. In the joint research project ‘Laboratory study on the stabilisation of haul roads inside open cast mines’ with Indian Institute of Technology, Hyderabad (IITH), physical and engineering properties of soil collected from NLC mines have been studied at IITH. IITH has identified polymer based chemical additives and further studies are in progress.

vii. A joint research consultancy project “Delineating of buried sub-surface objects, hard bands in open-cast mines” taken up in association with Indian Institute of Technology, Madras (IITM) with the duration of two years. A Memorandum of Understanding (MoU) was signed on 28.03.2014. The study aims to find buried objects in mines using Ground Penetration Radar technology.
viii. M/s KOBELCO, Japan gave a presentation on the outcome of the study carried out to upgrade the lignite. The techno economic feasibility of the study was also presented to NLC for upgradation of lignite and power generation in the Ultra Super Critical Boiler (USCB)/ Sub-Critical Boiler. An MoU is to be signed for undertaking a pilot plant scale project.

ix. Discussions are in progress with M/s. Environmental Clean Technology in developing technology to produce lignite pellets of high calorific value with less moisture.

x. Centre for Applied Research & Development (CARD) has been granted NABL accreditation for chemical and mechanical testing by National Accreditation Board for Testing and Calibration Laboratories (NABL). The Accreditation has been granted for a period of two years from 17th December, 2013. The accreditation of the laboratory is based on the international standard ISO/IEC 17025:2005 and meets the principles of ISO 9001 that are relevant to scope of testing services as well as technical competency of the laboratory.

II. Benefits derived as a result of R&D

Six licenses were issued to commercialise the patented process of potassium humate production from lignite, through M/s. NRDC, so far.

III. Future Plan of action


ii. Exploration of deep seated lignite in Ramnad area for Underground Coal Gasification.

iii. Modern mechanised solid waste – garbage disposal system for the Neyveli Township.

iv. Remote energy meter recording in Neyveli Township.

v. Study of satellite imagery for the identification of North West flowing streams from the recharge zone and locating suitable sites for developing recharge structure to arrest and divert the run-off water into Neyveli ground water basin, Cuddalore district, Tamil Nadu.

vi. Utilisation of Pond Ash for construction activities.

vii. Production of Bio-mass Energy utilising weed/waste vegetation growth at Mine-II.

viii. Studies on the Sustainability of Integrated Farming System and Reclamation of Mine closure strategy development.

IV. Expenditure on R&D

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<td>2</td>
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<td>Total expenditure</td>
<td>1434.06</td>
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<tr>
<td>4</td>
<td>Total R&amp;D expenditure as % on turnover</td>
<td>0.24</td>
<td>-</td>
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</tbody>
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* S&T projects funded by Ministry of Coal.
Management Discussion and Analysis Report

Industry Structure and Development

Coal and Lignite continues their dominant role in the commercial energy spectrum of India consequent to the limited availability of other conventional sources of energy. India has the fifth largest coal reserves in the world. Out of the Indian coal reserves, nearly 88% are non-coking coal, while tertiary coals reserves account for a meagre 0.5% and the balance is coking coal. The Indian coal is characterised by its high ash content (45%) and low sulphur content.

Two-third of the total production of commercial energy is from domestic production of coal and lignite. As envisaged in XII Plan this is expected to remain the same till 2021-22. As per Geological Survey of India (GSI), the present geological reserves of Coal in India as on 01.04.2014 was 301.56 BT for coal seams of 0.9 metre and above and upto a depth of 1200 metre. The proved category is 125.91 BT and the indicated category is 142.51 BT and the remaining 33.15 BT is of inferred category. As per the provisional coal statistics published by Coal Controller’s Organisation under Ministry of Coal, the total coal extracted since 1950 upto 2013-14 is around 12.53 BT.

Lignite deposits predominantly occur in the tertiary sediments in the States of Tamilnadu, Puducherry, Kerala, Gujarat, Rajasthan and Jammu & Kashmir and are far away from coal deposits of the country. Lignite mining in the country is carried out by opencast mining methods. Your Company’s lignite Mine is the largest opencast Mine in the country adopting eco friendly technology. As the nodal agency for lignite exploration and exploitation schemes in the country, your Company is involved in assessing and evaluating the reported occurrence of lignite besides locating new deposits. In addition GSI, MECL and State Government Departments are also carrying out lignite explorations.

Lignite Inventory as on 01.04.2014

The total geological resource of lignite of the country stands at 43246.69 MT as on 01.04.2014. Of these, 6180.89 MT belongs to Proved, 26282.67 MT belongs to Indicated and 10783.10 MT belongs to Inferred categories. This inventory dealt with total gross geological resources assessed so far from the various lignite fields of India and did not take into account the mined out reserves. Different exploiting agencies have mined out 44.26 MT of lignite during the year 2013-14. The total lignite extracted till 31.3.2014 from different lignite mines of India is around 807.59 MT.
The State-wise and category-wise break-up of Indian Lignite Resources as on 01.04.2014 is as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>State</th>
<th>Proved (MT)</th>
<th>Indicated (MT)</th>
<th>Inferred (MT)</th>
<th>Total (MT)</th>
<th>% to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Puducherry</td>
<td>0.00</td>
<td>405.61</td>
<td>11.00</td>
<td>416.61</td>
<td>0.96</td>
</tr>
<tr>
<td>2</td>
<td>Tamil Nadu</td>
<td>3735.22</td>
<td>22900.05</td>
<td>7712.43</td>
<td>34347.71</td>
<td>79.43</td>
</tr>
<tr>
<td>3</td>
<td>Rajasthan</td>
<td>1167.02</td>
<td>2671.93</td>
<td>1881.38</td>
<td>5720.35</td>
<td>13.23</td>
</tr>
<tr>
<td>4</td>
<td>Gujarat</td>
<td>1278.65</td>
<td>283.70</td>
<td>1159.70</td>
<td>2722.05</td>
<td>6.29</td>
</tr>
<tr>
<td>5</td>
<td>Jammu &amp; Kashmir</td>
<td>0.00</td>
<td>20.25</td>
<td>7.30</td>
<td>27.55</td>
<td>0.06</td>
</tr>
<tr>
<td>6</td>
<td>Kerala</td>
<td>0.00</td>
<td>0.00</td>
<td>9.65</td>
<td>9.65</td>
<td>0.02</td>
</tr>
<tr>
<td>7</td>
<td>Paschim Banga</td>
<td>0.00</td>
<td>1.13</td>
<td>1.64</td>
<td>2.77</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td>6180.89</td>
<td>26282.67</td>
<td>10783.10</td>
<td>43246.69</td>
<td>100.00</td>
</tr>
</tbody>
</table>

**Under Ground Coal Gasification/Coal Bed Methane**

In order to exploit the deep seated lignite deposits which are not amenable for conventional mining alternate technologies such as Underground Coal Gasification (UCG) and extraction of Coal Bed Methane (CBM) are under developmental stage. For development of UCG projects, your Company has renewed the MoU with ONGC and has also proposed to enter into an MoU with Rajasthan State Petroleum Corporation Limited (RSPCL) for implementing UCG projects in Rajasthan through a developer agency on profit sharing basis. Your Company has also invited Expression of Interest (EOI) for carrying out UCG study in Rajasingamangalam area, Ramanathapuram District, Tamilnadu, for which two proposals have been received and are under evaluation.

Further, your Company and RSPCL have proposed to enter into an MoU for undertaking UCG project in Nagurda lignite block in Rajasthan, for which the MoU is under finalisation.

**Coal Demand and Supply**

Coal continues to remain the dominant primary energy source in generation of power and accounts for 67% of the total power generation of the country. The overall long-term demand of coal is closely linked to the performance of the end use sectors viz., electricity, iron, steel and cement. Small scale sector comprising primarily of the brick and ceramic industry switch between coal, firewood and biomass depending on their relative prices. Other industries using coal have only a marginal impact on the long-term demand for coal.

The report of the Working Group on coal and lignite for the XII Year Plan projects the demand for coal in India to grow at a Compounded Annual Growth Rate (CAGR) of 7.1% till 2016-17 and reach 980.5 MT annually under realistic demand. At a CAGR of 7%, the demand is expected to reach 1373 MT by 2021-22.

The Working Group report also mentions that in India, currently around 90% of the coal is being produced through opencast method and about 10% through underground methods. With the present opencast mining method it is possible to extract about 90% of the resource where as in case of underground mining the extraction percentage ranges between 20% and 70%. In order to maximise the level of exploitation in underground mining, there is a need to adopt modern appropriate innovative technology. The report further mentions that for future resource use, environmental protection and land use, the next generation opencast mines have to be planned considering deep opencast mining of 500m depth and beyond; extending and deepening existing opencast mines; planning of Super Pits/mega mines of 25-30 MT per annum capacity and more.
Lignite Demand and Supply

The Working Group on coal & lignite projected the total lignite demand at 300.30 MT for the entire XII Plan based on the installed capacity and anticipated increased demand for lignite from other sectors. The demand for lignite projected at the terminal year of XII Plan & XIII Plan are 71.96 MT and 108.62 MT respectively. The actual lignite production in the country is 44.263 MT for the year 2013-14.

The Working Group in their report has envisaged the total Lignite production at 290.16 MT for the entire XII Plan and the availability at the terminal years of XII Plan and XIII Plan are projected at 68.60 MT and 104.55 MT respectively.

Power

India is the fourth largest consumer of energy in the world after USA, China and Russia but it is not endowed with abundant energy resources. It must, therefore, meet its development needs by using all available domestic resources of coal, uranium, oil, hydro and other renewable resources and supplementing domestic production by imports.

Coal dominates the country’s energy mix with a robust 52% share in primary energy consumption followed by Oil at 30% and gas at 10%. Other sources include 2% hydroelectricity and less than one percent nuclear energy.

During XII Plan period, the demand for energy is expected to increase as the economy grows and access in rural areas expands. According to XII Five Year Plan the annual actual growth rate of the total energy requirement is expected to accelerate from 5.1% per year in XI Plan to 5.7% per year in XII Plan and 5.4% per year in XIII Plan. As per 18th Electricity Power Survey, share of consumption of electricity in domestic category is in the range of 34 to 35% and a slight increase from 22% to 25% is expected in commercial category.

Demand and Production

Rapid urbanisation coupled with development of infrastructure is bound to result in growth of electricity demand by the end of XII and XIII Plan periods. Working group for the XII Plan has projected 9.8% growth in power generation during XII Plan period. 18th Electricity Power Survey (EPS) has projected an all India peak demand of 199540 MW at the end of XII Plan and an energy requirement of 1355 billion units. The pace of capacity addition which picked up in XI Plan is expected to continue during XII Plan period also. 18th EPS has further stated that, to meet this projected demand, capacity addition of 88,537 MW is required during XII Five Year Plan. The share of renewable energy is expected to rise from 6% in 2012 to 9% in 2017 and 16% in 2030.

SWOT analysis

Strength

- Being a “Navratna” Company having rich experience and expertise in open cast mining and power generation.
- Availability of lignite and water for power generation.
- Highest domestic credit rating.
- Committed and experienced workforce.
- Cordial and harmonious industrial relations.
Weakness

- Aquifer with high upward pressure beneath the lignite seam leading to high pumping of water to depressurise for safe mining leading to higher cost of production.
- Adverse stripping ratio leading to increase in cost of mining.
- Higher moisture content in Lignite and decrease in its calorific value.

Opportunities

- Growing demand for energy.
- Thrust by Government of India for development of power.
- Policy initiatives/incentives for power sector.

Threats

- Delayed payment of power bills by State beneficiaries.
- Resistance to land acquisition, demand for enhanced compensation, demand for employment and higher cost rehabilitation & resettlement measures for land evictees.
- Impact of draft notification of CERC for 2014-19 particularly regarding Income tax reimbursement, incentive and operational norms.
- Increasing cost of input above the regulatory cap.

Segment-Wise Performance

Covered in the main report.

Outlook

At present your Company operates three opencast lignite mines at Neyveli, Tamil Nadu and one opencast lignite Mine at Barsingar in the State of Rajasthan with a total mining capacity of 30.6 MTPA. These mines are linked to three thermal power stations at Neyveli and one thermal power station at Barsingar with a total power generation capacity of 2740 MW. Besides, a 1000 MW lignite based Neyveli New Thermal Power Project, as a replacement to 600 MW old TPS-I and 500 MW TPS-II Expansion at Neyveli are under implementation. As a measure of green energy development your Company is also implementing 51 MW Wind Power Project at Kazhuneerkulam and 10 MW Solar Power Project at Neyveli. The projects under consideration includes, Bithnok Thermal Power project (250 MW), Barsingar extension power project (250 MW), Sirkali Coal based coastal power project (4000 MW), 2nd phase Solar Power Project of 15 MW, Barsingar Solar Power Project (10MW) Bithnok Mine (2.25 MTPA), Hadla Mine (1.9 MTPA) and capacity additions on account of restructuring of Mine-I and Mine-IA (1.50 MTPA). By implementing the above projects and also taking into account the Subsidiary Company’s projects viz., NTPL (1000 MW) and NUPPL (1980 MW), the total power generation capacity will be 11,206 MW and the total lignite mining capacity will be 36.25 MTPA and all these projects are expected to be commissioned by the end of XII and XIII Plan period.

Pachwara South and Jilga Barpali coal blocks have been allocated to NUPPL and your Company respectively for establishing coal linkage to the proposed Ghatampur Thermal Power Station, Uttar Pradesh and Sirkali Coal based Coastal Power Project, which are expected to be commissioned at the end of XII/XIII Plan respectively. Preliminary activities towards development of these coal blocks are in progress.
JV Projects
Your Company in joint venture with TANGEDCO is implementing 1000 MW coal based power project at Tuticorin, Tamilnadu through NLC Tamilnadu Power Limited, the Subsidiary Company. This project is expected to be commissioned during 2014-15. Besides 1980 MW coal based thermal power project which is proposed for implementation jointly with UPRVUNL through the Subsidiary Company NUPPL is expected to be commissioned during XII/ XII Plan period.

Renovation and Modernisation
Your Company has identified three units of Thermal Power Station-II, Stage-I for Renovation and Modernisation. These three units of 210 MW constructed in Stage-I were commissioned between 1986 and 1988. All the three Units have completed 25 years of operation. After carrying out Residual Life Assessment (RLA), it has been decided to implement Life Extension Programme (LEP) in order to sustain the units for a further period of more than 15 years at an estimated cost of ₹435 crore to be incurred over a period of 8 years. The programme is under implementation. The Life Extension Programme is planned and carried out in such a way that there are no major shut downs in any year.

Coal Assets Abroad
In order to ensure fuel security for the coal based power projects, your Company plans to acquire coal assets abroad and in this connection had floated an Expression of Interests (EOI). Based on the response to the EOI it has been decided to further process the offers received from the firms having explored Mine field and are on the lookout for partners to develop the said Mine. Technical, financial and legal diligence studies in the order of priority with respect to reserve size of the Mine field will be carried out and necessary action has been taken to appoint the consultant for carrying out the above studies.

Information Technology Developments
• The Company is in the process of moving towards ERP (Enterprises Resource Planning) solution. The Company is implementing SAP-ERP in FICO (Finance and Controlling) and HR (Human Resources) in the first phase.
• The Online Vendor Payment details are hosted in the Company’s website for transparency in the payment system.

Risks and Concerns
• Resistance to acquisition of land for mining and thermal power projects.
• High compensation towards acquisition of lands and demand for employment from the land owners.
• Higher expenditure towards resettlement and rehabilitation activities.
• Lignite seam washout condition and thin lignite seams in the operating mines.
• Stiff resistance from public against initiating action towards development of mines in the allotted coal blocks.
• Delay in implementation of the projects due to litigation by the bidders while processing the tenders.
• Shortage of skilled man-power deployment and delays by the Package Contractors in mobilisation and execution of the projects.
• Adverse weather and natural disasters, such as heavy rains particularly in Neyveli which is located in the monsoon belt and prone to cyclones, flooding and other natural events affecting operations.
• Restrictions on the amount of water that could be drawn for mining operations.
• Environmental matters and pollution control, including forest land related approvals.
• GOI tariff policy issued in January 2006 stipulating that requirement of power should be procured through tariff based competitive bidding.
• Credit risk on trade receivables from customers.
• Surrender of power by beneficiaries.

Internal control systems and their adequacy

The Company has a well-established internal control systems and procedures commensurate with its size and nature of business with an approved and well laid out delegation of authority, Purchase, Contracts and Personnel Manuals. The internal audit is conducted by five external firms of Chartered Accountants covering all the offices/units and their reports are periodically reviewed by the Audit Committee.

The Audit Committee periodically interacts with Internal and Statutory Auditors to assess the adequacy of internal control systems and also supervises the financial reporting process through review of periodical financial statements. Further, the accounts of the Company are subject to C&AG audit in addition to the propriety audit conducted by them.

Discussion on financial performance with respect to operational performance

Covered in the main report.

Material developments in Human Resources/Industrial Relations front, including number of people employed

Covered in the main report.

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Report on Corporate Governance

Mandatory Requirements

Company’s Philosophy on Code of Governance

Transparency, accountability and integrity are the main ingredients of good Corporate Governance. Your Company as a Corporate Citizen, believes in adhering to the highest standards of Corporate Governance.

Board of Directors

Composition

As on 31st March, 2014, the Board of Directors of your Company comprised an Executive Chairman, five Executive Directors, two Non-executive Directors and two Independent Directors. The said composition is not fully complying with the requirements prescribed under the Listing Agreement with the Stock Exchanges and the guidelines issued by Department of Public Enterprises.

The particulars regarding composition of Board of Directors as on 31st March, 2014 and other details are furnished below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name (Sarvashri)</th>
<th>Designation</th>
<th>Other Directorships* held as on 31.03.2014</th>
<th>Other Committee** Memberships held as on 31.03.2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>As Member</td>
<td>As Chairman</td>
</tr>
<tr>
<td><strong>Executive Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B. Surender Mohan</td>
<td>Chairman-cum-Managing Director</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Sarat Kumar Acharya</td>
<td>Director (Human Resource)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Rakesh Kumar</td>
<td>Director (Finance)</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>S. Rajagopal</td>
<td>Director (Power)</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>M.S. Ravindranath</td>
<td>Director (Mines)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>S. Boopathy</td>
<td>Director (Planning &amp; Projects)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Non-executive Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Dr. A.K. Dubey</td>
<td>Additional Secretary to Government of India, Ministry of Coal - Part-time official Director</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>C.V. Sankar</td>
<td>Principal Secretary to the Govt.of Tamil Nadu, Industries Department - Part-time official Director</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td><strong>Independent Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Dr. Sanjay G Dhande</td>
<td>Part-time Non-official Director</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>C. Balakrishnan</td>
<td>-do-</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

* Private Limited Companies and Section 25 Companies are excluded.
**Audit Committee and Stakeholders Relationship Committee.
Board Procedures

The Chairman-cum-Managing Director (CMD) has been delegated with certain administrative and financial powers by the Board of Directors. Major decisions involving large capital expenditure, annual plans, award of major contracts, mobilisation of resources, loans and investments (other than short-term investments), borrowings, all policy decisions including policies relating to all human resource matters are decided only at the meetings of the Board. The Board of Directors of the Company have constituted various Sub-committees of the Board as detailed in this report and the said committees exercise the powers as per the delegation granted.

Dates of Board Meetings and Directors’ Attendance

During the financial year 2013-14, 10 meetings of the Board of Directors were held on the following dates:


The details of attendance of Directors at the Board Meetings held during the financial year 2013-14, are as under:

<table>
<thead>
<tr>
<th>Name (Sarvashri)</th>
<th>No. of meetings attended out of 10 held</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Surender Mohan</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Sarat Kumar Acharya</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Rakesh Kumar</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>S. Rajagopal</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>M.S. Ravindranath</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>S. Boopathy</td>
<td>4</td>
<td>Inducted w.e.f. 01.10.2013</td>
</tr>
<tr>
<td>R. Kandasamy</td>
<td>6</td>
<td>Relinquished on 30.09.2013 on superannuation</td>
</tr>
<tr>
<td>Dr. A.K. Dubey</td>
<td>8</td>
<td>Inducted w.e.f. 03.04.2013</td>
</tr>
<tr>
<td>C.V. Sankar</td>
<td>-</td>
<td>Inducted w.e.f. 18.12.2013</td>
</tr>
<tr>
<td>N.S. Palaniappan</td>
<td>-</td>
<td>Relinquished w.e.f. 24.10.2013</td>
</tr>
<tr>
<td>Dr. Sanjay G Dhande</td>
<td>5</td>
<td>Relinquished w.e.f. 26.06.2013 and Inducted w.e.f. 06.09.2013</td>
</tr>
<tr>
<td>C. Balakrishnan</td>
<td>2</td>
<td>Inducted w.e.f. 23.12.2013</td>
</tr>
<tr>
<td>S.K. Roogta</td>
<td>2</td>
<td>Relinquished w.e.f. 30.09.2013</td>
</tr>
<tr>
<td>L.N. Vijayaragahvan</td>
<td>6</td>
<td>Relinquished w.e.f. 30.09.2013</td>
</tr>
<tr>
<td>A.P.V.N. Sarma</td>
<td>4</td>
<td>Relinquished w.e.f. 30.09.2013</td>
</tr>
<tr>
<td>M.B.N. Rao</td>
<td>2</td>
<td>Resigned w.e.f. 09.08.2013</td>
</tr>
<tr>
<td>M.M. Sharma</td>
<td>6</td>
<td>Relinquished w.e.f. 30.09.2013</td>
</tr>
<tr>
<td>V. Murali</td>
<td>6</td>
<td>Relinquished w.e.f. 30.09.2013</td>
</tr>
<tr>
<td>R.K. Mishra</td>
<td>8</td>
<td>Relinquished w.e.f. 24.03.2014</td>
</tr>
</tbody>
</table>
Annual General Meeting Attendance
Shri. B. Surender Mohan, CMD, Shri. R. Kandasamy, the then Director (Planning & Projects), Shri. Sarat Kumar Acharya, Shri. Rakesh Kumar, Shri. S. Rajagopal, Shri. M.S. Ravindranath, Directors and Shri. L.N. Vijayaraghavan, Shri. M.M. Sharma, Shri. V. Murali and Shri. R.K. Mishra, the then Directors had attended the last AGM held on 6th September, 2013.

Board Committees
The following Sub-committees have been constituted by the Board of Directors:

Empowered Committee
This Committee comprises Chairman-cum-Managing Director, Director (Finance), Director (Planning & Projects) and the Functional Director concerned, in whose operational area, the proposal belongs to, as its Members. This Committee accords approval for certain activities relating to purchase/contracts, as delegated by the Board, prior to award of order/contract.

Sub-Committee on Purchase/Contracts
The Sub-committee on Purchase/Contracts accords approval for award of order/contract as per the delegation granted by the Board of Directors. Presently, this committee comprises Shri B. Surender Mohan, CMD as its Chairman and Sarvashri Rakesh Kumar, S. Rajagopal, M.S. Ravindranath and S. Boopathy, Directors as its Members.

Project Sub-Committee
The Project Sub-committee has been constituted by the Board of Directors of the Company to examine the proposals including Feasibility Reports for investment in New/Expansion/Joint Venture Projects or any capital expenditure exceeding the value prescribed by the Board and to make appropriate recommendations to the Board. Further, this Committee has also been mandated by the Board to review periodically the status of projects under implementation by the Company. This Committee presently comprises Shri B. Surender Mohan, CMD as its Chairman and Sarvashri Rakesh Kumar, S. Rajagopal, M.S. Ravindranath and S. Boopathy, Directors as its Members.

Audit Committee
The Committee presently comprises Dr. Sanjay G Dhande, Director as its Chairman and Sarvashri C. Balakrishnan, S. Rajagopal, Directors as its Members. The terms of reference of Audit Committee conform to the requirements of Section 177 of the Companies Act, 2013, Clause-49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines on Corporate Governance.

The details of attendance of members for the Audit Committee meetings held during the year 2013-14 are as under:

<table>
<thead>
<tr>
<th>Name of the Director (Sarvashri)</th>
<th>No. of meetings held during the period of Office</th>
<th>No. of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>V. Murali</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>L.N. Vijayaraghavan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>M.B.N. Rao</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>R.K. Mishra</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Dr. Sanjay G Dhande</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>C. Balakrishnan</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Company Secretary is the Secretary to the Audit Committee.
Sub-committee for Contribution/Donation/Sponsorship

This Sub-committee of the Board of Directors accords approval for proposals for Contribution/Donation/Sponsorship by the Company up to the value delegated by the Board. This Committee presently comprises Shri B.Surender Mohan, CMD as its Chairman and Sarvashri Sarat Kumar Acharya, Rakesh Kumar and M.S.Ravindranath, Directors as its Members.

Sub-committee for Resource Mobilisation

This Committee presently comprising Shri B.Surender Mohan, CMD as its Chairman and Sarvashri Rakesh Kumar, S. Rajagopal and M.S. Ravindranath, Directors as its Members accords approval for carrying out certain delegated functions in connection with the borrowing/debt raising proposals which have been approved by the Board.

Sub-committee for Short-term Investment

Surplus money, as may be available with the Company from time to time are placed as Short-term deposits as per DPE guidelines and the Board approved investment policy, with the approval of this Sub-committee presently comprising Shri B. Surender Mohan, CMD as its Chairman, Shri Rakesh Kumar, Director and any one of the other Functional Directors as its Members.

Committee of Directors for issue of Share/Bond Certificates

This Sub-committee presently consisting of Dr. Sanjay G Dhande, Director as its Chairman and Sarvashri C. Balakrishnan and Rakesh Kumar, Directors as its members, accords approval for issue of Share Certificates against split/consolidation/duplicate share/bond certificate requests and also for issue of share/bond certificates against rematerialisation requests and in lieu of mutilated certificates.

Stakeholders Relationship Committee

In terms of the provisions of the Companies Act, 2013, the existing Shareholders/Investors Grievance Committee has been renamed as Stakeholders Relationship Committee. This Committee presently comprising Shri. C. Balakrishnan, Director as its Chairman and Dr. Sanjay G Dhande and Shri. Rakesh Kumar, Directors as its Members, look into the redressal of Stakeholders/Investors grievance and review the action taken by the Company. Integrated Enterprises (India) Ltd., Chennai, is the Share Transfer Agent and the Depository Registrar (STA & DR) of the Company and they attend to transfers/transmission requests lodged with the Company. The STA & DR also co-ordinate with NSDL & CDSL, the Depositories and attend to Investors’ complaints.

The complaints received from shareholders are monitored regularly and redressal action is taken immediately. During the year, 149 complaints were received from the shareholders/ investors, generally pertaining to non-receipt of dividend and Annual Report. As per the report received from the Share Transfer Agent, there were 2 complaints pending for redressal as on 31.03.2014 and all have been redressed during the month of April 2014. As reported by the STA & DR, all share transfers received upto 31st March, 2014 have been processed.

As per the Listing Agreement, the Company Secretary is the Compliance Officer and the activities of the STA & DR are under the supervision of the Compliance Officer.

Sub-committee for Pricing of Lignite and Power

This Committee presently comprising Shri B. Surender Mohan, CMD as its Chairman and Sarvashri Rakesh Kumar, S.Rajagopal, and M.S.Ravindranath, Directors as its Members approves the policies and issues relating to transfer price of lignite, lignite price and policy in respect of sales to outsiders and further approval of this Committee is required for fixation of tariff for power sales, if any, made to direct consumers.
Nomination and Remuneration Committee
The appointment of Executive Directors including the Chairman-cum-Managing Director is contractual in nature and the remuneration is paid to them as per the terms of their appointment made by the Government of India. However, for finalising the Performance Related Pay for Executive Directors, Executives and Non-unionised Supervisors, as required under the DPE guidelines, the Board had earlier constituted the Remuneration Committee and during the year 2013-14, this Committee met on one occasion and all the Members attended the meeting excepting Shri. S.K. Roongta, the then Director.

The Board of Directors have accorded approval for renaming the above Remuneration Committee as “Nomination and Remuneration Committee” and has also accorded approval for reconstitution of the above Committee with Shri. C. Balakrishnan, Director as its Chairman, Dr. Sanjay G Dhande, Shri. C.V. Sankar Directors as its Members, Shri. Sarat Kumar Acharya as its Member Convener and Shri. Rakesh Kumar as permanent invitee.

Corporate Social Responsibility Committee
The Board had constituted earlier Sub-committee on Corporate Social Responsibility and Committee on Sustainable Development. In terms of Department of Public Enterprises Guidelines the Sub-committee on Corporate Social Responsibilities and Committee on Sustainable Development have been clubbed and presently renamed as CSR Committee. This Sub-committee presently comprise Shri. C. Balakrishnan, Director as its Chairman, Shri. M.S. Ravindranath, Director as its Member and Shri. Sarat Kumar Acharya, Director as its Member-Convener.

Risk Management Committee
The Risk Management Committee has been constituted by the Board of Directors of the Company to review the periodic reports on risk matters and submit appropriate recommendations to Board. This Committee presently comprises Shri C. Balakrishnan, Director as its Chairman and Sarvashri S. Boopathy, Rakesh Kumar and Dr. Sanjay G Dhande, Directors as its Members.

Remuneration Details
The details of remuneration paid to the following Executive Directors during the year 2013-14 are as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Director (Sarvashri)</th>
<th>Salary for the year (₹)</th>
<th>Benefits (₹)</th>
<th>Performance Related Pay (₹)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>B. Surender Mohan</td>
<td>24,80,907</td>
<td>17,50,052</td>
<td>12,86,256</td>
</tr>
<tr>
<td>2.</td>
<td>Sarat Kumar Acharya</td>
<td>22,41,961</td>
<td>7,86,997</td>
<td>11,90,271</td>
</tr>
<tr>
<td>3.</td>
<td>Rakesh Kumar</td>
<td>21,55,157</td>
<td>3,79,656</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>S. Rajagopal</td>
<td>21,41,372</td>
<td>5,02,578</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>M.S. Ravindranath</td>
<td>21,30,929</td>
<td>14,98,772</td>
<td>-</td>
</tr>
<tr>
<td>6.</td>
<td>S. Boopathy</td>
<td>10,64,556</td>
<td>11,57,910</td>
<td>-</td>
</tr>
</tbody>
</table>


Note: For Sl. No. 3-6 - since joined as a Director subsequent to the year 2011-12 no PRP was paid for that year.

The service contract/ notice period/ severance fee etc., for the above Directors are as per the terms of appointment made by the Government of India. During the year 2013-14 no bonus/commission was paid and no Stock Options were issued to them.
No remuneration is being paid to Part-time official Directors nominated by the Government of India and to the Independent Directors on the Board. Independent Directors are being paid Sitting fee @ ₹20,000/- for attending the meetings of the Board of Directors and ₹15,000/- for the meetings of the Sub-Committees thereof.

The details of sitting fees paid to Independent Directors during the year 2013-14 are as under:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Director (Sarvashri)</th>
<th>Sitting fee paid for (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Board Meetings</td>
</tr>
<tr>
<td>1.</td>
<td>Dr. Sanjay G Dhande</td>
<td>1,00,000</td>
</tr>
<tr>
<td>2.</td>
<td>S.K. Roongta</td>
<td>40,000</td>
</tr>
<tr>
<td>3.</td>
<td>L.N. Vijayaraghavan</td>
<td>1,20,000</td>
</tr>
<tr>
<td>4.</td>
<td>A.P.V.N. Sarma</td>
<td>80,000</td>
</tr>
<tr>
<td>5.</td>
<td>M.B.N. Rao</td>
<td>40,000</td>
</tr>
<tr>
<td>6.</td>
<td>M.M. Sharma</td>
<td>1,20,000</td>
</tr>
<tr>
<td>7.</td>
<td>V. Murali</td>
<td>1,20,000</td>
</tr>
<tr>
<td>8.</td>
<td>R.K. Mishra</td>
<td>1,60,000</td>
</tr>
<tr>
<td>9.</td>
<td>C. Balakrishnan</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Status of unclaimed shares certificates in terms of clause 5A II of the Listing Agreement

There were 1300 equity shares pertaining to 6 shareholders lying unclaimed as on 01.04.2013. During the year 2013-14, no claim was received from any of the above shareholders.

Code of Conduct

As required under the Listing Agreement, the Board of Directors of the Company have laid down a Code of Conduct applicable for all Board Members and Senior Management Personnel of the Company. In this regard, a declaration by the Chairman-cum-Managing Director is reproduced below:

“I hereby confirm that all the Members of the Board and Senior Management Personnel to whom the Code of Conduct was applicable have affirmed compliance of the above code for the year ended 31 March, 2014”.

General Body Meetings

The following are the details of General Body Meetings of the Company held in the last three years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Date &amp;Time</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGM 2012-13</td>
<td>06.09.2013 11.00 Hrs</td>
<td>“Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T T K Road, Alwarpet, Chennai - 600 018.</td>
</tr>
</tbody>
</table>
Special Resolutions
No special resolution was passed in the previous three Annual General Meetings.

Postal Ballot
There was no requirement for seeking approval of the members by Postal Ballot. Any decision for matters requiring approval of shareholders through postal ballot system will be obtained as prescribed in the Companies Act, 2013.

Disclosures
The Company, during the year, has not entered into any transactions of material nature with the Directors of the Company that may have potential conflict with the interests of the Company at large. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matters relating to capital markets during the last 3 years. Details of administrative office and financial expenses for the year under review and for the previous year are available in the annual accounts. No Presidential Directive was received during the year and also in the last 3 years.

The Statutory Auditors, in their certification on compliance of Corporate Governance conditions for the year 2013-14, had observed that the Company had not complied with the condition of having not less than 50% of Board of Directors comprising Non-executive Directors during the period from 30th September, 2013 to 31st March, 2014 and the requirement to have at least half of the Board comprising of Independent Directors during the period from 26th June 2013 to 31st March, 2014.

In response to the above observations, it is stated that since the Company is a Government Company and as per the Articles of Association of the Company, the power to appoint Directors vests with the President of India. The issue relating to the appointment of the required number of Independent Directors on the Board of the Company in compliance of Corporate Governance conditions has been referred to the Ministry of Coal, the Administrative Ministry and said appointments are under process.

Means of Communication
The quarterly and yearly financial results are furnished immediately to the Stock Exchanges where the Company’s equity shares are listed. The quarterly financial results are generally published in Business Line and Dinamani (Tamil) while the annual financial results are generally published in The Hindu, Business Line, The Economic Times, The Financial Express, Business Standard, New Indian Express (Tamil Nadu) and Dinamani (Tamil). The financial results are also made available in the Company’s website-www.nlcindia.com in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchange and in the website of NSE & BSE. The Company’s official news releases are also being made available in the Company’s website.

General Shareholder Information
AGM : Date, day, time and venue :
24th September, 2014 - Wednesday - 15.00 Hours “Sathguru Gnanananda Hall”, Narada Gana Sabha, No. 314, TTK Road, Alwarpet, Chennai - 600 018.

Financial Calendar for the year 2014-15

<table>
<thead>
<tr>
<th>Results for the quarter ending</th>
<th>Within 45 days from the end of the quarter.</th>
</tr>
</thead>
<tbody>
<tr>
<td>30th June, 30th September, 31st December</td>
<td></td>
</tr>
<tr>
<td>Audited Yearly results</td>
<td>Within 60 days from the end of the financial year.</td>
</tr>
</tbody>
</table>
Stock code

<table>
<thead>
<tr>
<th>Name of the Stock Exchange</th>
<th>Stock Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bombay Stock Exchange Ltd.</td>
<td>513683</td>
</tr>
<tr>
<td>National Stock Exchange of India Ltd.</td>
<td>NEYVELILIG</td>
</tr>
</tbody>
</table>

Stock Market Data

The monthly high and low market price of the Company’s shares during each month in 2013-14 as quoted at the Bombay Stock Exchange & National Stock Exchange and its comparative performance with the broad base BSE Sensex & NIFTY during the same period were as under:

<table>
<thead>
<tr>
<th>Month</th>
<th>Share Price (BSE) (₹)</th>
<th>Share Price (NSE) (₹)</th>
<th>BSE SENSEX</th>
<th>NIFTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>April 2013</td>
<td>72.90</td>
<td>66.40</td>
<td>72.80</td>
<td>65.80</td>
</tr>
<tr>
<td>May 2013</td>
<td>74.10</td>
<td>64.50</td>
<td>74.20</td>
<td>64.35</td>
</tr>
<tr>
<td>June 2013</td>
<td>67.00</td>
<td>52.20</td>
<td>67.00</td>
<td>52.50</td>
</tr>
<tr>
<td>July 2013</td>
<td>63.60</td>
<td>53.50</td>
<td>63.90</td>
<td>53.25</td>
</tr>
<tr>
<td>Aug.2013</td>
<td>59.00</td>
<td>49.00</td>
<td>58.90</td>
<td>48.65</td>
</tr>
<tr>
<td>Sep.2013</td>
<td>59.00</td>
<td>54.45</td>
<td>59.50</td>
<td>54.00</td>
</tr>
<tr>
<td>Oct. 2013</td>
<td>60.80</td>
<td>55.15</td>
<td>60.80</td>
<td>55.25</td>
</tr>
<tr>
<td>Nov.2013</td>
<td>70.30</td>
<td>56.30</td>
<td>70.90</td>
<td>57.00</td>
</tr>
<tr>
<td>Dec.2013</td>
<td>65.65</td>
<td>57.00</td>
<td>66.00</td>
<td>57.15</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>64.00</td>
<td>54.55</td>
<td>63.80</td>
<td>54.60</td>
</tr>
<tr>
<td>Feb.2014</td>
<td>59.25</td>
<td>55.05</td>
<td>58.10</td>
<td>55.20</td>
</tr>
<tr>
<td>March 2014</td>
<td>61.75</td>
<td>55.20</td>
<td>61.75</td>
<td>55.40</td>
</tr>
</tbody>
</table>

Date of Book Closure

The Register of Members and the Share Transfer Register of the Company would remain closed from 15.09.2014 to 24.09.2014 (both days inclusive) for the purpose of ascertaining the list of shareholders entitled for final dividend, if any, declared at the ensuing Annual General Meeting.

Dividend payment date

The Final Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

Listing on Stock Exchanges and payment of Listing fees

The equity shares of the Company and the Neyveli Bonds 2009 are presently listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges upto the year 2014-15.
Share Transfer System
The share transfer requests lodged with the Company are processed by the Company’s Share Transfer Agent and approved by the Sub-committee for Investor Servicing constituted with senior officers of the Company, which meets depending upon the requirement.

Shareholding Pattern
The Shareholding Pattern of the Equity Share Capital of the Company as on 31st March, 2014 is as under:

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Shares</th>
<th>% to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>President of India</td>
<td>1509938640</td>
<td>90.00</td>
</tr>
<tr>
<td>Financial Institution-State Government</td>
<td>59701260</td>
<td>3.56</td>
</tr>
<tr>
<td>Financial Institutions / Banks</td>
<td>1797609</td>
<td>0.11</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>77883497</td>
<td>4.64</td>
</tr>
<tr>
<td>Mutual Funds/ UTI</td>
<td>268464</td>
<td>0.02</td>
</tr>
<tr>
<td>Bodies Corporate</td>
<td>2886921</td>
<td>0.17</td>
</tr>
<tr>
<td>Foreign Institutional Investors</td>
<td>514272</td>
<td>0.03</td>
</tr>
<tr>
<td>NRI</td>
<td>1252944</td>
<td>0.07</td>
</tr>
<tr>
<td>Public</td>
<td>23070257</td>
<td>1.38</td>
</tr>
<tr>
<td>Clearing Members</td>
<td>329372</td>
<td>0.02</td>
</tr>
<tr>
<td>Others</td>
<td>66364</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>1677709600</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Depository Registrar and Share Transfer Agent
M/s.Integrated Enterprises (India) Ltd., is the Depository Registrar and Share Transfer Agent for the Company. The details of their address, contact numbers are as under:
Address: II Floor, 'Kences Towers', No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017. Tel.No.: 044-28140801-03. Fax No.: 044-28142479
E-mail id: corpserv@integratedindia.in

Distribution of Shareholding as on 31.03.2014

<table>
<thead>
<tr>
<th>No. of equity shares held</th>
<th>No. of Shareholders</th>
<th>Percentage of Shareholders</th>
<th>No. of shares</th>
<th>Percentage of shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 500</td>
<td>93670</td>
<td>92.76</td>
<td>11970828</td>
<td>0.71</td>
</tr>
<tr>
<td>501 - 1000</td>
<td>4199</td>
<td>4.16</td>
<td>3445241</td>
<td>0.21</td>
</tr>
<tr>
<td>1001 - 2000</td>
<td>1698</td>
<td>1.68</td>
<td>2606112</td>
<td>0.16</td>
</tr>
<tr>
<td>2001 - 3000</td>
<td>511</td>
<td>0.51</td>
<td>1334663</td>
<td>0.08</td>
</tr>
<tr>
<td>3001 - 4000</td>
<td>226</td>
<td>0.22</td>
<td>824699</td>
<td>0.05</td>
</tr>
<tr>
<td>4001 - 5000</td>
<td>202</td>
<td>0.20</td>
<td>955293</td>
<td>0.06</td>
</tr>
<tr>
<td>5001 - 10000</td>
<td>280</td>
<td>0.28</td>
<td>2072480</td>
<td>0.12</td>
</tr>
<tr>
<td>10001 and above</td>
<td>192</td>
<td>0.19</td>
<td>1654500284</td>
<td>98.61</td>
</tr>
<tr>
<td>Total</td>
<td>100978</td>
<td>100.00</td>
<td>1677709600</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Trustees to Neyveli Bonds 2009
M/s. IDBI Trusteeship Services Ltd., Vishawastha Bhavan, 1st Floor, 218 Pratapganj Peth, Satara – 415002. Telefax : 02162 – 280075
Details of Shares held by Non-executive Directors
As per the declarations received, none of the Non-executive Directors are holding any equity shares in the Company.

Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity
No GDRs/ADRs/Warrants or any convertible instruments have been issued by the Company and hence there would not be any impact on the equity.

Dematerialisation of shares and liquidity
The equity shares of the Company are compulsorily traded in dematerialised form as per the notification issued by SEBI. As on 31st March, 2014, equity shares numbering to 167,50,38,675 (99.84%) have been dematerialised by the shareholders. The Company’s equity shares are actively traded on the Stock Exchanges.

Plant locations
Mine-I (including Expansion) Mine-IA, Mine-II (including Expansion), TPS-I, TPS-I Expansion and TPS-II are located in Neyveli in Cuddalore District in the State of Tamilnadu. Barsingsar Mine and Thermal Power Plant are located in the State of Rajasthan. TPS-II Expansion and Neyveli New Thermal Power Station are under construction in Neyveli. A thermal power plant of the Subsidiary Company (NTPL) is under construction at Tuticorin, in the State of Tamilnadu. A thermal power plant will be set up in Ghatampur in the State of Uttar Pradesh and a coal mine in Pachwara South, in the State of Jharkhand, will be developed by NUPPL, the Subsidiary Company, on obtaining the sanction of GOI.

Address for correspondence
Shareholders/Investors may send their correspondence to the Company Secretary either to the Registered Office at ‘Neyveli House’, No.135, Periyar EVR High Road, Kilpauk, Chennai - 600 010 (Tel. No. 044-28364617) or to the Corporate Office: Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu (Tel. No. 04142-252205). The Shareholders may also send their communication electronically to investors@nlcindia.com, the exclusive e-mail-id provided as required under the listing agreement.

The investors may also communicate to Integrated Enterprises (India) Ltd., the Depository Registrar & Share Transfer Agent for redressal of their grievance, if any.

Non-Mandatory Requirements
Chairman of Board
The requirement of maintenance of an office for the Non-executive Chairman and the reimbursement of expenses to him are not applicable to the Company presently as the Company has an Executive Chairman.

Remuneration Committee
As the Company is a Government Company in terms of Section 2(45) of the Companies Act, 2013, the remuneration of Executive Directors is fixed by the Government of India. However, as stated earlier, Remuneration Committee has been constituted by the Board, in terms of DPE guidelines, to finalise the Performance Related Pay for the Executive Directors, Executives and Non-unionised Supervisors.

Shareholder Rights
The Company’s financial results are published in English National newspapers having wide circulation all over India and also in a vernacular newspaper having a wide circulation in the State of Tamil Nadu and hence the financial results are not being sent individually to the shareholders. Further, as required under the Listing
Agreement, the results of the Company are also furnished immediately to the Stock Exchanges and also uploaded in the Company’s website www.nlcindia.com for the information of shareholders and other investors, in addition to uploading of the same in the Corporate Filing and Dissemination System of the Stock Exchanges and in the website of NSE & BSE.

Audit Qualifications
It is always the Company’s endeavour to present unqualified financial statements. The Audit Report for the year 2013-14 does not contain any audit qualifications.

Training of Board Members
The Company has a policy to provide training to Board Members. The risk profile of the Company’s business has been well defined by the Board and the Board Members are apprised periodically on the same.

Mechanism for evaluation of Non-executive Board Members
The Non-executive Directors (Official Part-time Directors) are nominated by the Ministry of Coal and the Government of Tamil Nadu respectively and being the official nominees, their performance is evaluated as per the rules of their respective departments. The Non-executive Independent Directors are selected by the Government of India for appointment as Board Members through Ministry of Coal and Department of Public Enterprises. Generally, the appointment is made for a tenure of three years. The Administrative Ministry and the Department of Public Enterprises do review before the appointment/extension of tenure.

Whistle Blower Policy
Your Company has an independent Vigilance Branch, headed by a Chief Vigilance Officer functioning under the overall guidance of the Central Vigilance Commission. ‘Drop Boxes’ have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behaviour, actual or suspected fraud etc., and the complaints so lodged are reviewed by Vigilance Branch and necessary action as deemed fit is taken, while protecting the identity of the complainants.

As a measure of preventive vigilance and to create awareness about the rules and procedures, the Vigilance Branch is carrying out surprise checks regularly. Based on the suggestion of the Vigilance Branch, various Circulars/guidelines have been issued by the various units/corporate management regarding streamlining the rules/procedures etc.

All efforts are taken to improve the transparency by leveraging of technology through e-governance initiatives by improving the system and procedure and minimise the scope of corruption.

***
CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

M/s. Neyveli Lignite Corporation Limited,

1. We have examined the compliance of conditions of Corporate Governance by Neyveli Lignite Corporation Limited for the year ended 31st March 2014 as stipulated in Clause-49 of the Listing Agreement of the said Company with the Stock Exchange(s) and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises (DPE).

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause and Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause-49 of the Listing Agreement and in DPE guidelines except for the following:

   a. As per the requirements of Clause-49 of the Listing Agreement and DPE Guidelines, the Board of Directors of the Company shall have on optimum combination of Executive and Non-Executive Directors with not less than 50% of the Board of Directors comprising of Non-Executive Directors. However, this has not been complied with by the Company from 30th September 2013 to 31st March 2014.

   b. As per the requirements of Clause-49 of the Listing Agreement and DPE Guidelines, where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of independent Directors. However, this has not been complied with by the Company from 26th June 2013 to 31st March 2014.

4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. SREEDHAR, SURESH & RAJAGOPALAN, Chartered Accountants
Firm Regn. No. 003957S

S. Subramaniam
Partner
M.No.: 025433

Place : Chennai
Date : 23.05.2014
Comments of the Comptroller and Auditor General of India under Section 619(4)
of the Companies Act, 1956 on the accounts of Neyveli Lignite Corporation Limited
for the year ended 31st March, 2014.

The preparation of financial statements of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 23.05.2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Neyveli Lignite Corporation Limited, Neyveli for the year ended 31st March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor’s report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

G. SUDHARMINI
Principal Director of Commercial Audit and
Ex-Officio Member Audit Board, Chennai

Place : Chennai
Date : 11.08.2014