



NLC INDIA LIMITED

(Navratna' - A Government of India Enterprise)

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Lr.No.Secy/Reg.30 of LODR/2020

Dt. 29.09.2020

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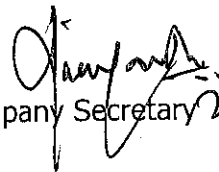
Dear Sir(s),

Sub: 64th Annual General Meeting of the Company – Chairman's Statement at the AGM
– Copy forwarded.

We enclose a copy of the Chairman's Statement at the 64th Annual General Meeting of the Company held on 29th September, 2020 for your information and record.

Thanking you,

Yours faithfully
for NLC India Limited


Company Secretary 29/09/2020

Chairman's Statement at the 64th Annual General Meeting held on 29th September, 2020

DISTINGUISHED SHAREHOLDERS,

I am happy to welcome you all to the 64th Annual General Meeting of your Company. The Audited Statements of Accounts for the year ended 31st March, 2020 together with the Auditors' Report, Comments of the C&AG and the Directors' Report have already been sent to you and with that I take them as read.

PERFORMANCE HIGHLIGHTS – 2019-20

The highlights of physical and financial performance of your Company during the year 2019-20 are as below:

PHYSICAL

- Total Lignite production from all Mines put together was 248.64 Lakh Tonnes (LT).
- Total Power Generation from all sources (Thermal, Solar & Wind) was 21922.98 Million Units (MU).
- Total Export of Power from all sources was 18840.84 MU.

FINANCIAL

- The total revenue from operations registered for the year 2019-20 was Rs. 7916.30 crore.
- The Profit Before Tax (PBT) and the Profit After Tax (PAT), for the year 2019-20 were Rs. 2204.59 crore and Rs. 1413.85 crore respectively.

OTHER HIGHLIGHTS:

- Commissioning of the entire 709 MW Solar Power Projects in Tamil Nadu. With the completion of this project, the Company has become the first CPSE in the Country to achieve solar power generation capacity of more than one GW.
- 20 MW Solar Power Projects in Andaman & Nicobar Island in which 2.5 MW was commissioned in December 2018 and the balance 17.5 MW was commissioned on 30.06.2020.
- Commissioned Unit 1 of 2x500 MW Neyveli New Thermal Power Station on 28th December 2019, the first of its kind for this capacity in Lignite based Thermal plants in India.
- Mining Operation commenced from the 20.0 MTPA Talabira II & III Coal Mine at Odisha on 11th December 2019 and the Coal excavation started on 26th April 2020 amidst COVID – 19 restrictions.
- Achievement of average Thermal Plant Load Factor (PLF) of 70.22% against the national average PLF of 55.99%.
- Trading of Thermal Power in Real Time Market (RTM) on Real Time Market basis in the exchange commenced through IEX on 1st June 2020 to trade the surrendered power, aiming towards full trading and almost zero power surrender professionally.
- A Memorandum of Understanding (MoU) was reached between the Trade Unions representing contract workmen and contractor employers in the presence of representatives of the Company for wage settlement of Contract employees effective from 1st January 2020.
- Entered an agreement with Coal India Limited, a Maharatna Central Public Sector Enterprise on 3rd July 2020, also under the Ministry of Coal, to form a Joint Venture

Company to develop Solar and Thermal power assets to the tune of 5,000 MW on pan-India basis.

DIVIDEND

I am very happy to inform you that the Board of Directors of your Company had declared and paid an Interim Dividend of 70.60% (Rs. 7.06 per equity share) and the same has been treated as the Dividend for the year 2019-20.

PERFORMANCE IN THE CURRENT YEAR – 2020-21 (APRIL 2020 TO JUNE 2020)

During the current year up to June 2020, your Company has produced 46.98 LT of lignite as against the target of 39.81 LT for the quarter and the power generation (gross) for the first quarter was 5,698.60 MU as against the MoU target of 6,247.72 MU.

SECTOR SCENARIO

POWER

The Indian power sector managed to add more new capacity in 2019-20 than the previous year but it fell well short of the set target, mainly due to the lower capacity addition by the conventional power sources.

Even though the Indian power sector continues to be dominated by conventional sources of energy, which accounts for nearly three quarters of the country's installed power generation capacity, there has been a progressive shift towards renewable sources. The share of renewable energy in installed capacity has increased during the last 5 years posing a CAGR of 17.33 per cent between FY 2016-20 and the share of thermal sources has shown a decline.

The Energy requirement during 2019-20 was 12,91,010 MU and the availability was 12,84,444 MU. The peak demand was 1,83,804 MW and the Peak demand met was 1,82,533 MW.

The current solar tariffs in India, which are between Rs. 2.50-2.87 per kilowatt hour (kWh), have stabilized at rates 20-30 per cent below the cost of existing thermal power in India and up to half the price of new coal-fired power.

COAL AND LIGNITE

COAL PRODUCTION

The overall production of Coal for 2019-20 was projected at 810 Million Tonnes. During the year 2019-20, the actual production (during April - Dec.19) was 480.04 Million tonnes compared to 498.51 Million tonnes (MT) during corresponding period of 2018-19 and showing a negative growth 3.71 per cent.

COAL RESERVES

About 70% of the coal reserves of the country are from the States of Jharkhand, Odisha and Chhattisgarh. Coal is also produced from mines available in the States of Telangana, Madhya Pradesh, Maharashtra, West Bengal and Bihar.



As on 01.04.2019, the total estimated reserves of Coal in India was 326.495 BT out of which the proved category accounted for 155.614 BT.

LIGNITE RESERVES

In India, lignite deposits are confined in the States of Tamil Nadu, Gujarat, Rajasthan, Puducherry, Jammu & Kashmir and Kerala where the coal is almost completely absent. Tamil Nadu contributes major share of lignite resources (80%). Major part of the lignite produced in the country is used for power generation and the demand for lignite is mainly dependent on existing and proposed thermal power stations.

DEMAND AND PRODUCTION

As per the Report of the Working Group on Coal & Lignite for formulation of XII Five Year Plan, the projected demand of lignite at the terminal year of XIII Plan (2021-22) is 108.62 Million Tonne and projected lignite production during the same period is 104.55 Million Tonne.

OUTLOOK

Your Company is presently operating lignite mines with a total installed capacity of 30.60 MTPA and considering the other Projects under formulation / implementation, the total lignite mining capacity is likely to be increased to 62.15 MTPA by the year 2025.

Regarding coal mining, Talabira II & III coal opencast mine of capacity 20.0 MTPA in the State of Odisha has commenced mining operations. Your Company has added 1209 MW during 2019-20 and 17.5 MW on 30.06.2020 and retired 400 MW to its installed capacity. With this addition and retirement, the total installed capacity has become 4661.06MW.

Taking into consideration the power projects under formulation / implementation and also the envisaged acquisition of power assets, your Company is poised to grow to 21 GW power generating Company by the year 2025 including Subsidiaries.

The Pachwara South Coal Block with a Normative capacity of 9.0 MTPA has been allotted to NUPPL, the Subsidiary Company. With the commencement of the Pachwara south coal Block, the total coal mining capacity is likely to be 29 MTPA by the end of the year 2028.

Your Company has inked an agreement with Coal India Limited, a Maharatna Central Public Sector Enterprise, under the Ministry of Coal, to form a Joint Venture Company to develop Solar and Thermal power assets to the tune of 5,000MW on pan-India basis.

INDUSTRIAL INCIDENTS

An unfortunate fire incident occurred on May 7, 2020 in Unit – VI Boiler area of Thermal Power Station – II in Neyveli, Tamil Nadu wherein two employees on Regular Rolls and six contract workmen / supervisor suffered burn injuries. Immediate first aid and higher treatment was also provided to the injured persons. Two employees and three contract workmen succumbed to burn injuries despite treatment. A committee was formed to investigate the incident and to give the findings for taking necessary action. Both internal and external committees submitted its reports. Appropriate relief measures and compensation

were provided to the deceased and injured apart from giving employment to the immediate kin of the deceased.

While carrying out one of the recommendations of the above Committee, another fire incident occurred on July 1, 2020 in Unit V of Thermal Power Station – II, when the said Unit was under shutdown, where a fire broke out in the boiler area outside the furnace subsequent to an explosion. This incident resulted in burn injuries to the maintenance team comprising of one executive, two supervisors, three Non-executive employees & seventeen contract workmen and out of the 23 injured, 15 succumbed to injuries. A High Level External Committee and an Internal Committee were formed to investigate in to the above incident and the reports have been received. As per the Committee Reports when the cleaning operations were being carried out inside the Girders in Unit V, as was carried out in Unit –VI & VII, as recommended by the Investigation Committee of Unit –VI Fire Incident occurred in May, 2020, the above fire incident had occurred. The External Committee has also inter-alia observed in the Root Cause Analysis that this type of explosion in Boiler Box Type Girder Structure is Unique and may be first of its kind in the history of Thermal Power Stations in India. Appropriate relief measures and compensation were given to the deceased and the injured apart from giving employment to the immediate kin of the deceased.

IMPACT OF COVID 19

Your Company is continuously monitoring the impact of COVID 19 in its business operations and financials. An initial assessment was made and are as follows:

- The Company has ensured the availability of its Thermal and Solar power plants including its subsidiary plant to generate power and has continued to supply power during the period of lockdown.
- Due to the low demand of power during the period, there was huge power surrender and the Company have to operate its power plants with lower load factor.
- Talabira II & III OCP, Odisha has commenced its production during the difficult times of COVID on 26th April 2020. The mining activity in the initial days was slowed down to address social distancing and to equip with necessary safety measures and the same was resumed. The construction of railway line work related to first mile connectivity could not be progressed during the COVID-19 period.
- Ministry of Power (MoP) directed CERC to reduce the rate of late payment surcharge (LPSC) for the payments which become delayed beyond a period of 45 days (from the date of presentation of the bill) during the period from 24 March 2020 to 30 June 2020, to contain the impact of COVID-19. On these directions CERC has issued order whereby it has been directed that LPSC shall apply at a reduced rate of 12% instead of normal rate of 18% on payments becoming overdue during the said period.
- Ministry of Power also issued guidelines on 15 May 2020 for CPSE's for consideration of the followings:
 - i. Deferment of capacity charges for power not scheduled, to be payable without interest after the end of the lockdown period in three equal monthly instalments.
 - ii. Rebate of about 20-25% on power supply billed (fixed cost) to DISCOMs
- The impact on account of the lower rate of surcharge (Rs. 12.03 crore) as per the directives of CERC, deferment of capacity charges (Rs. 0.86 crore) for the power not scheduled and rebate@20% on power supply billed (fixed cost) (Rs. 42.09 crore) as

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per the guideline issued by MoP for the 40 days COVID period. The benefit as per MoP guidelines will be considered for pass on after detailed deliberation with the beneficiaries in this regard.

- As the delay is on mainly account of the force majeure condition, your Company will request the same with CERC for fixing the Tariff for the Plant after considering the delay as force majeure with consequential impact on Project Cost.
- The impact on IDC and IEDC (about Rs. 1.85 crore) due to the above delay is expected to be suitably addressed by CERC while determining the tariff of the project and CFA scheme is expected to be extended for the said delayed period.
- The construction and commissioning of Unit 2 (500MW) of New Neyveli Thermal PowerStation/Project (NNTPP) in Neyveli is getting delayed and as the majority Inter State Migrant (ISM) workers had left the construction site to their native states. This is the major impact of Covid-19 lockdown and still your Company could not commit on the commissioning schedule of Unit-2.
- Your Company could commission the remaining 17.5 MW out of the total 20 MW in Andaman Islands along with 8 MWhr battery systems on 30th June 2020. The commissioning got delayed by three and half months because of Covid-19 impact.
- Your Company has started power trading in the Real Time Market (RTM) from 1st June 2020 onwards, which reduces the power surrender by trading the excess power that could be partially generated. Your Company's share in IEX is 21.24% by volume.
- The management does not anticipate any medium to long term risks in your Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

CARING FOR ENVIRONMENT

Your Company practices and promotes the best Environment Management Plan and is committed to environment friendly mining and power generation. Your Company has already initiated steps to install Flue Gas Desulphurisation System in all the Power plants in order to comply with the guidelines issued by MoEF & CC, Government of India. In order to maintain the green belt your Company continues to plant extensive trees in and around Neyveli Township and production Units, which helps in maintaining clean environment, dust suppression, noise control, lowering of atmospheric temperature and maintaining ecological balance.

OPPORTUNITIES & CONCERNS

- Government of India's (Gol) commitment to improve the quality of life of its citizens through higher electricity consumption
- Rise in the per capita consumption of power
- Investment in promoting Green Energy
- Trading of Power in the Market
- Launch of 100 smart cities mission by Gol

The following are the concerns being faced by your Company:

- Huge surrender of Power by the beneficiaries and consequent underutilisation of Thermal Capacity
- Challenges posed by Renewable energy to Thermal Generation
- Resistance from land owners for acquisition, demand for enhanced compensation, demand for employment
- Delay in realisation of dues from beneficiaries
- Higher cost for rehabilitation & resettlement measures for land evictees
- Necessity of pumping of water below the lignite seam for safe mining leading to higher cost of production

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND GOVERNANCE

Your Company, as a socially responsible corporate citizen, continues to carry out developmental works in the surrounding villages, right from its inception, focusing on the socio economic development of the operating regions for achieving inclusive growth. Your Company had adopted a Corporate Social Responsibility Policy covering the various sectors of sustainable socio-economic development.

Focus areas of your Company's CSR are Healthcare, Education, Sanitation, Safe Drinking Water, Hunger, Poverty and Malnutrition Eradication, Women Empowerment, Gender Equality, Environment Sustainability, Rural Sports, protection of National Heritage, Arts and Culture, Rural Development, Water Resource Augmentation. The funds utilised for the CSR projects, programs and activities selected for implementation are as per the CSR Policy of the Company.

Your Company believes in ethical governance and sustainable practices. As a good Corporate Citizen, your Company adheres to the Corporate Governance requirements and compliances of the same have been detailed in the report of Directors, which is a part of the Annual Report sent to Members of the Company.

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

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

1. Marching towards paperless office through E-Office implementation supported by digitization, leveraging electronic signatures, redacting confidential information with audit trails.
2. By implementing SAP for the core business, your Company is committed to a business transformation with re-defined and streamlined processes and new disciplines in operational level procedures.
3. Smart Cities Mission has been taken up to promote townships that provide core infrastructure with clean and sustainable environment and application of 'Smart' Solutions.
4. Payment gateway is being enabled for total cashless remittance from all stakeholders.
5. Enhanced security with next generation Firewall with Security Event Management features in place.

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6. Procurement through Government e-market Place (GeM portal of Gol).

AWARDS & RECOGNITION

I am happy to share with the Members that various awards have been conferred on your Company during the year 2019-20 which include:

- Platinum awards from GROW CARE INDIA for Environment Management.
- Green India Awards under the following 2 categories:
 - ✓ Best Sustainable Technology provider of the year 2019
 - ✓ Best Clean and Green Energy producer of the year 2019
- "National Project Excellence Award 2019" for successful commissioning of Clean and Green Solar Power Project
- PRSI National Awards for outstanding contributions in the field of RTI and CSR.
- Mine-I received the prestigious National Safety Award
- 'Best Enterprise Award' in the Navratna category instituted by the Forum of Women in Public Sector (WIPS)
- Apex India CSR Excellence Award 2019 in Platinum Category.
- Aqua Excellence Award 2019 for CSR

INDUSTRIAL RELATIONS

Industrial Relations generally remained harmonious and cordial throughout the year 2019-20.

During the year, Trade Unions representing contract workmen submitted a charter of demand for revision of wages and other benefits. In order to look into the grievances/demands, a Joint Bi-partite Committee (JBC) comprising representatives of Trade Unions of contract workmen, Recognised Unions, representatives of Contractor Employers 21 was constituted along with representatives from the Management. The formation of JBC was a new initiative in your Company in order to hold Bi-partite level of discussions to arrive at an amicable understanding in a peaceful atmosphere. As a milestone in the history of your Company, a Memorandum of Understanding (MoU) was reached between the Trade Unions representing Contract Workmen and Contractor Employers in the presence of representatives of NLCIL Management without any agitation/ strike/ loss of production.

In accordance with the order of Chief Labour Commissioner (Central), New Delhi, the contract workmen deployed in your Company are paid Minimum Wages and Dearness Allowance with increase in DA notified from time to time.

ACKNOWLEDGEMENT

I wish to record my thanks to the Ministry of Coal, Ministry of Power, Ministry of New & Renewable Energy, Ministry of Finance, Ministry of Environment & Forest and Climate Change, Department of Public Enterprises, Department of Investment & Public Asset Management, Government of India for their continued support in all our endeavours and to

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other Ministries and Departments of Government of India. I wish to express my sincere thanks to the State Government of Tamil Nadu, Rajasthan, Uttar Pradesh, Odisha, Jharkhand, Andaman & Nicobar Islands Administration and Statutory Auditors for their support and co-operation. I also wish to thank State Electricity Boards/DISCOMs and other customers for their continued support to partner our progress.

I wish to place on record my appreciation for executives, supervisors and workmen of the Company for their hard work and dedication. I also thank Associations, Unions and Employees' representative bodies for their co-operation in maintaining good and cordial industrial relations.

I express my thanks to my colleagues on the Board for their valuable contribution and I take this opportunity to express my sincere thanks to all Investors who have reposed faith in the Company and continue to be its stakeholders.

Thank you.

RAKESH KUMAR
CHAIRMAN-CUM-MANAGING DIRECTOR



Place: Neyveli
Date: 29-09-2020