

DIRECTORS' REPORT FOR THE YEAR 2017-18

To
The Members,
NLC India Limited

Your Board of Directors have pleasure to present the 62nd Directors' Report on the performance of your Company together with the Audited Financial Statements for the year ended 31st March, 2018.

It was an eventful year for your Company in the area of renewable energy. With the thrust given by the Government of India for developing renewable energy, your Company successfully has set its footprint in a major way with the commissioning of 236 MW during the year under review.

Operational Performance

Mines

Your Company is presently operating four lignite Mines aggregating to a total mining capacity of 30.60 Million Tonne per Annum (MTPA). During the year, the total Overburden (OB) removal of 1851.35 Lakh Cubic Metre (LM³) and Lignite production of 251.53 Lakh Tonne (LT) has been achieved.



Overview of Mines

Power

Your Company is presently operating with installed capacity of 3731 Mega Watt (MW) of Power Plants comprising Thermal Power Plants of 3240 MW, Solar Power Plants of 440 MW (including 200 MW commissioned during May 2018) and Wind Power Plants of 51 MW.



TPS - I Expansion

During the year, total Power Generation (Gross) of 20740.84 Million Units (MU) and Power Export of 17418.83 MU has been achieved in spite of heavy power surrender of 2567.28 MU witnessed from State DISCOMs.

The average Plant Load Factor (PLF) of the Thermal Power Plants of the Company as a whole during the year 2017-18 was 72.37% as against the National Average of 60.67% in spite of TPS-I (600 MW) crossing 56 years of operation.

As Members may be aware, based on the notification issued by Bureau of Energy Efficiency (BEE), TPS-I (600 MW) was exempted from Perform Achieve and Trade (PAT) cycle till 31.03.2017. Neyveli New Thermal Power Plant (NNTPP) with a capacity of 1000 MW is under implementation for replacing the above TPS-I and as per the present status of implementation, the Unit -I and Unit -II are likely to be commissioned by October, 2018 and December, 2018 respectively. Under the above circumstances, your Company is pursuing this issue with the Ministry of Coal (MoC) as well as the Ministry of Power (MoP) to permit continuing the operation of TPS -I till March 2019 by which time the Units of NNTPP will become fully operational on a sustainable basis. MoC has recommended for rescheduling of the retirement of above Plant and to permit the operation till August 2018. The MoP has communicated that the request of the Company for rescheduling of the retirement of TPS-I cannot be acceded to as there is no provision for further exemption beyond five years under the Essential Commodities (EC) Act, 1995. Your Company has once again taken up the matter with the MoC and MoP requesting for permission to operate the Units of TPS -I.



Productivity

The output per man-shift achieved during the year 2017-18 as compared with the previous year has improved in Power generation whereas owing to restricted lignite production the output per man-shift is marginally less. The details are given below.

Product	Unit	2017-18	2016-17
Lignite	Tonne	13.14	13.67
Power	KW hr	24755	24341

Financial Performance

During the year ended 31st March, 2018, your Company has registered a revenue from operation of ₹ 8496.20 crore as against ₹ 8652.59 crore during the previous year ended 31st March, 2017. The decline of 1.81% in the revenue from operation was mainly due to unprecedented surrender of power impacting the revenue generation of the Company adversely by around ₹ 783 crore and also on account of passing on of the benefit of around ₹ 750 crore to the beneficiary DISCOMs (on account of non-applicability of Clean Environment Cess and Excise Duty consequent to rolling out of GST) which if included (as the cess & duties forms part of tariff) would have resulted in a total revenue from operation of ₹ 9246.20 crore, resulting in a growth of 6.86%.

The Profit Before Tax (PBT) and the Profit After Tax (PAT), for the year 2017-18 were ₹ 2689.70 crore and ₹ 1848.78 crore respectively as against the PBT and PAT of ₹ 3027.56 crore and ₹ 2368.81 crore respectively in 2016-17. The Earnings Before Interest, Tax and Depreciation & Amortisation (EBITDA) of the Company for the year 2017-18 stood at ₹ 3,647.36 crore as compared to ₹ 3,186.22 crore in the previous year 2016-17 (considering regulatory deferral balances and excluding exceptional items), registering a growth of 14.47%. The Operating Profit as a percentage of revenue from operations and Return on Investment were 23.47% and 14.48% respectively.

On a consolidated basis, the total revenue from operations for the year 2017-18 was ₹ 11288.39 crore as against ₹ 11185.73 crore in 2016-17. The PBT & PAT for the year 2017-18 were ₹ 2869.70 crore and ₹ 1956.78 crore respectively as against ₹ 3162.84 crore and ₹ 2456.66 crore respectively in 2016-17.

The details of profit earned for the financial year 2017-18 and appropriation of the same are as follows:

₹ in crore

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Profit Before Tax	2689.70	3027.56	2869.70	3162.84
Tax Provision	791.89	(214.81)	863.89	(167.38)
Net Movement in Regulatory Deferral Account	(49.03)	(873.56)	(49.03)	(873.56)
Profit /(Loss) for the Period (PAT)	1848.78	2368.81	1956.78	2456.66
Appropriation				
Transfer (to) / from Interest Differential Fund Reserve	(12.28)	(11.12)	(12.28)	(11.12)
Transfer to Bond Redemption Reserve	(15.00)	(15.00)	(15.00)	(15.00)
Transfer to PRMA Reserve Fund	(10.87)	(6.84)	(10.87)	(6.84)
Transfer to Contingency Reserve	(10.00)	(10.00)	(10.00)	(10.00)
Transfer to Capital Redemption Reserve	--	(149.14)	--	(149.14)
Buy back Premium	--	(1327.36)	--	(1327.36)
Dividend	(646.58)	(1121.97)	(648.99)	(1121.97)
Tax on Dividend	(127.67)	(228.42)	(132.12)	(228.42)



Dividend

During the year 2017-18, the Board of Directors of your Company declared an Interim Dividend of 42.30% (₹ 4.23 per equity share) and further, your Board has also recommended a final dividend of 2.70% (₹ 0.27 per equity share) subject to the approval of shareholders. With the above Interim Dividend already paid, the total dividend for the year 2017-18 is 45% and the same works out to ₹ 687.86 crore which is more than 30% of PAT and 5% of the Networth.

Disinvestment by GOI

During the year 2017-18, the Government of India (GOI) had disinvested 5.025% of shares held by the President of India in the Company through Offer for Sale (OFS) and further transferred 0.26% shares to “Bharat 22 ETF”. The present shareholding of the President of India in the Company is 84.04%.

MOU with the Ministry of Coal

Your Company had achieved “Very Good” rating for its performance during the year 2016-17 in terms of the Memorandum of Understanding (MoU) entered into with the Ministry of Coal as per DPE guidelines.

Corporate Plan

Your Company has an approved Corporate Plan under implementation and as per the same by the year 2025, it is aimed to achieve an overall increase in the mining and power capacities as under:

- To increase the lignite mining capacity from the present 30.60 MTPA to 62.15 MTPA.
- To reach the coal mining capacity to 31.00 MTPA (including NUPPL, the Subsidiary).
- To increase the lignite-based power generation capacity from the present 3240 MW to 6780 MW after phasing out the plant of TPS-I of 600 MW.
- To increase the coal-based power generation capacity from the present 1000 MW to 6980 MW (including Subsidiaries).
- To increase the renewable based power generation capacity from the present 491 MW to 4251 MW.
- Acquisition of power assets for a capacity of 3000 MW.

While pursuing its strategic targets, your Company is also likely to replace its old and inefficient thermal units with technologically advanced, efficient and environmentally compliant units in a phased manner.

Thus, the above Vision Document envisages for increasing the overall lignite production capacity to 62.15 MT, Coal production capacity to 31.00 MT and Power generation capacity to 21011 MW, by the year 2025 with expected capital commitment of ₹ 1.29 lakh crore. Besides the above, it is also planned to enter into the business of Commercial Coal Mining, Installation of ecart Charging Stations, blending of lignite with Coal for use in coal fired power plants and power trading business.

Projects under Construction / Implementation / Formulation

In pursuance of its Corporate Plan, your Company is executing the following projects which are in different stages of implementation / formulation.

Mining Projects

Description	Capacity (MTPA)	Expected COD
Expansion of Mine I & IA Lignite Mines at Neyveli	4.00	2020-21
Bithnok Lignite Mine in Rajasthan	2.25	2019-20*
Hadla Lignite Mine in Rajasthan	1.90	
Mine-III (Lignite) at Neyveli	11.50	2020-21
Talabira II & III Coal Blocks in Odisha	20.00	2018-19

*Presently put on hold.

Power Projects

Description	Capacity (MW)	Expected COD
Neyveli New Thermal at Neyveli	1000	2018-19
Bithnok Thermal in Rajasthan	250	2019-20*
Barsingsar Thermal Extension in Rajasthan	250	
TPS-II 2 nd Expansion (Phase I) at Neyveli	1320	2021-22
Talabira Thermal (Phase I) in Odisha	2400	2022-23
Solar in Tamil Nadu	909	2018-19
Solar in Andaman Islands	20	2019-20

*Presently put on hold

Subsidiaries / Joint Venture Projects

NLC Tamil Nadu Power Limited (NTPL) - Tuticorin Power Plant (1000 MW)

Members may be aware that NTPL, the Subsidiary Company is operating a coal based thermal power plant at Tuticorin in Tamil Nadu, consisting of two units of 500 MW capacity each. During the year 2017-18, the power generation was 5413 MU (excluding power surrender of 1539 MU) with a PLF of 61.79% and export of power from this plant was 5026 MU.

During the year ended 31st March, 2018, NTPL in its full year of operation registered a revenue of ₹ 2817.71 crore as compared to ₹ 2533.15 crore in the previous year 2016-17. The PBT & PAT for the year 2017-18 were ₹ 218.48 crore and ₹ 146.33 crore respectively as against ₹ 134.20 crore and ₹ 78.04 crore respectively in the previous year 2016-17. The Board of Directors of your Company is very happy to inform that NTPL has paid a maiden dividend of 1% for the year 2017-18.



Panoramic view of NTPL

Neyveli Uttar Pradesh Power Limited (NUPPL) Ghatampur Thermal Power Project (1980 MW - 3x660 MW) linked to Pachwara South Coal Block (11.00 MTPA)

As stated in earlier Directors' Report, NUPPL, the Subsidiary Company is implementing the Ghatampur Thermal Power Project (GTPP) at Ghatampur Tehsil, Kanpur Nagar District in the State of Uttar Pradesh at a cost of ₹ 17,237.80 crore, with commissioning of all Units in the financial year 2021-22.

Uttar Pradesh Power Corporation Limited (UPPCL) had signed a Power Purchase Agreement (PPA) for availing 75% of the Power from GTPP. Further to the request made to the Government of Uttar Pradesh, for availing the balance 25% of power from the above Project, UPPCL has agreed for the same and necessary amendment to the existing PPA is to be made shortly.

As a fuel linkage to the above power project, Government of India has allocated Pachwara South Coal Block in the State of Jharkhand, with a Geological Reserves of 304.27 MT of coal to NUPPL. The subsidiary is pursuing through the task force set up by the Government of Jharkhand for the issues concerning detailed exploration, obtaining forestry clearance etc., for the development of the block. Notification has been issued under Sec 4(1) of Coal Bearing Areas (Acquisition and Development) Act for carrying out the detailed exploration of the block.



This Block has been proposed to be developed through the appointment of Mine Developer & Operator (MDO). With the MDO concept and with the normative targeted output of 9.00 MTPA & Peak output of 11.00 MTPA for a Mine life of 30 years the initial capital outlay is expected to be around ₹ 1795 crore. NUPPL has issued the tender for the appointment of MDO and the same is under progress.

MNH Shakti Limited

Mahanadi Coalfields Limited, your Company and Hindalco jointly formed MNH Shakti Limited with equity participation of 70:15:15 to implement 20.0 MTPA Coal Mining project in Talabira, in the state of Odisha. The Talabira II & III Coal Blocks allocated for this purpose have been cancelled pursuant to judgment of Hon'ble Supreme Court of India and the Coal Mines (Special Provisions) Ordinance, 2014. The JV Company has proposed for winding up and necessary formalities are being worked out by them. The above said Coal Blocks have since been allotted to the Company.

Long-term Borrowing & Credit Rating

During the year under review, your Company has tied up a Rupee Term Loan (RTL) of ₹ 1135 crore with HDFC Bank to fund the capital expenditure of on-going 1000 MW Neyveli New Thermal Power Project (NNTPP) and for the 500 MW Solar Power Project in Tamilnadu, funding arrangements through RTL of ₹ 1406 crore have been made with AXIS Bank, Federal Bank and ICICI Bank. In order to meet the general funding requirements, your Company has also entered into an arrangement for availing RTL of ₹ 2000 crore from Mahanadi Coalfields Limited.

Highest credit ratings (AAA) have been accredited by top Credit Rating Agencies for all of its existing borrowing facilities obtained for various projects by your Company.

Commercial

Trading of Un-requisitioned Surplus (URS) Power

As stated earlier, the power surrender by the DISCOMs / Beneficiaries is on the rise and during the year 2017-18, 2567.28 MU was surrendered as against 1307.25 MU in the year 2016-17. It is a national phenomenon that all Central Generating Stations including your Company suffered due to lesser demand conditions, availability of cheaper power in the market etc. In order to improve the revenue, your Company resorted to sell this Un-requisitioned Surplus (URS) power in the market and during the year under review 958.40 MU of surrendered power were sold through power exchanges, thereby fetching revenue of ₹ 295.68 crore.

Power Dues / Realisation

Your Company is following the rebate scheme and the payment priority clause as per the amended power purchase agreements with regard to realisation of power dues from the beneficiaries. The outstanding power dues of the Company as on 31st March, 2018 was ₹ 3644.76 crore against ₹ 4248.80 crore for the corresponding period of the year ended 31st March, 2017. The dues beyond the 60 days limit as on 31st March, 2018 was ₹ 2161.18 crore as against ₹ 631.21 crore for the corresponding period of the previous year ended 31st March, 2017. Trade receivables (Net) as number of days of Revenue from Operations (Gross) was 145 days.

Land Acquisition and Rehabilitation & Re-settlement (R & R) Policy

Your Company, being sensitive to the involuntary relocation of displaced families for the sake of the projects, adequately takes care of the Project Affected Persons (PAPs) through appropriate R & R Policy measures thereby minimising the trauma of displacement. Your Company follow the guidelines issued by the Government of India, from time to time, on R & R for the on-going projects. Your Company has also developed several Resettlement Centres (RCs) in the vicinity of its Projects and these RCs are provided with good infrastructure facilities and amenities and also well connected to the main roads. The eligible Project affected families have smoothly resettled in these RCs and have also been provided with rehabilitation measures in addition to legal compensation for the loss of assets, as directed by the appropriate Government from time to time and with the co-operation of the District Administration. Certain developmental works such as improvement of existing village roads, improvement of bunds of canals, de-silting of drains etc. were carried out for a value of about ₹ 50 lakh in the peripheral villages during 2017-18.



New Land Acquisition Act

GOI has enacted New Land Acquisition Act viz. "Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act 2013" (RFCTLA) which is applicable from 01.01.2014. However, the Government of Tamilnadu (GoTN) had passed an amendment act "Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement (Tamil Nadu Amendment) Act 2014, to exclude the Tamilnadu Acquisition of Land for Industrial purpose Act, 1997 (Tamilnadu Act No.10/99)" from other provisions of the Central Act, except the provisions relating to the determination of the compensation and rehabilitation & resettlement. The land acquisition is continued under Tamilnadu Acquisition of Land for Industrial purposes Act, 1997 (Tamilnadu Act No.10/99)"

Subsequently a G.O. dated 21.02.2018 has been issued by the Industries Department of GoTN for determination of land compensation as per the RFCTLARR Act 30/2013 by adopting the provisions of Land compensation as per Schedule 1 for the lands being acquired under the above State Government Act.

Research and Development (R & D)

Centre for Applied Research & Development (CARD) is the In-house R&D Centre of your Company. CARD has been granted National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation for chemical and mechanical testing (for certain parameters only). This accreditation 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.

The total R&D expenditure, incurred during the year 2017-18 was ₹ 2.25 crore. Your Company has also completed successfully Development of Pilot Micro Hydro Project with cooling tower water source for generation of additional Power (108000 kWhr/ annum) on 15.12.2017. In addition to the above projects, CARD has completed two projects viz., (1) "Conservation of Energy thro implementation of Programmable Logic Control (PLC) based dynamic loading system on conveyor system" and (2) "Delineation of buried sub-surface objects in opencast mines".

Human Resource

The highly competent and motivated human resource available in your Company significantly contributes to the growth and mission of the Company. Human resource is the backbone of the Company in driving the 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 through its operational excellence in lignite production and power generation. The total manpower of the Company as on 31st March, 2018 stood at 14,446. During the year 2017-18, the major HR related activities carried out were as under:

- Online submission of ACR / APAR in respect of all executives within the prescribed timelines.
- Updation of Online quarterly vigilance clearance for all Senior Executives (ADGM & above) were completed within the timelines.
- Succession Plan was approved by Board of Directors on 27.09.2017.
- DPC was held for all executives within the timelines.
- Placement of HR Audit Report to Board completed on 12.08.2017.

During the year 2017-18, Presidential Directives were received with regard to pay revision for Executives with effect from 01.01.2017 and the same was implemented.

Training

Your Company strongly believes that the pursuit of excellence can be achieved only through continuous learning, competency building, reinforcing good work practices, etc. Learning and Development Centre (L&DC) continuously strives to gleam the in-house talents and espouse latest technological breed for the betterment of its business progression. The training programme included apprentice training, Computer and CSR related training, management education, worker education, skill upgradation, training on safety, health, quality & standards etc. Based on competency requirement and employee training needs, L&DC had also designed Annual Training Plan for 2017-18 to ensure competency building of employees to meet the organisational objectives.



The total number of 753 in-house programmes covering 39703 employee headcounts and 281 various outstation programmes (within India and abroad) covering 1018 employees were organised during the year. Total training man-days for executives was 38681 days averaging 9.52 man-days, for non-unionized supervisors 13848 days averaging 36.63 man-days and for non-executives are 25950 days averaging 4.06 man-days per employee.

In addition to the above, Apprentices were also given training as per Statutory Guidelines of the Regional Director of Apprenticeship Training, Chennai (RDAT) and the Board of Apprenticeship Training (BOAT) of Southern Region, Chennai. During the year under review 971 candidates were imparted Apprenticeship training in various trades.

Further, during the year 2017-18, 1773 students pursuing full time UG / Diploma in Engineering were permitted to undergo in-plant training besides permission to carry out the project work and vocational training.

Industry Institution Interaction Programme

Your Company has entered into a MOU with Annamalai University for conducting Executive MBA programme for the employees of the Company. L&DC is serving as the nodal center and facilitating the infrastructure and faculty services for conducting the above programme and 24 employees are pursuing the course.

Industrial Relations

Your Company continued its faith in participative management and has a regular system of holding bipartite structured meetings with the Recognised Unions (collective bargaining agents) / Associations for addressing the common issues of the employees. During the year under review, the Industrial relation was cordial.

Contract Labour Management System (CLMS)

As part of initiative of Ministry of Coal to improve transparency, your Company has implemented "Contract Labour Management System" portal which can also be accessed by the stakeholders including contractors and contract workmen to upload documents and view details of their attendance, wages & statutory payments made to them.

Reservation of Posts

Your Company follows the reservation policy for SCs, STs and OBCs as per the Presidential Directives and Government of India Guidelines. The group-wise Men-in-Position (MIP) as on 31st March, 2018 stands as follows:

Group	Total Strength	Strength of SC/ST/OBC			% of SC/ST/OBC		
		SC	ST	OBC	SC	ST	OBC
A	3792	784	284	421*	20.68	7.49	11.10*
B	280	55	24	69	19.64	8.57	24.64
C	9450	1789	93	2821	18.93	0.98	29.85
D	924	202	2	500	21.86	0.22	54.11
Total	14446	2830	403	3811	19.59	2.79	26.38

*strength of OBCs on rolls after reservation for OBCs came in to effect (i.e. 08-09-1993). However more than adequate strength of BCs were recruited prior to reservation for OBCs came to effect.

Scholarship Schemes and Tuition Fee Concession

Your Company implements Educational Assistance Schemes to the wards of employees and Contract Workmen for pursuing under graduate degree / diploma / professional courses till course duration subject to a maximum of five years. Exclusive schemes have been devised for General, SC/ST, OBC categories and Contract Workmen besides scholarships earmarked exclusively for girl children. A separate Cash Award Scheme and Scholarship Scheme under CSR have been instituted by the Company for the benefit of girl children studying in the peripheral districts of Barsingsar Project, Rajasthan and further the tuition fees are reimbursed for students belonging to SC/ST/OBC category studying in Jawahar Science College, Neyveli every year.



Compliance under the Rights of Persons with Disabilities Act, 2016

Your Company ensures compliance of provisions under the Rights of Persons with Disabilities Act, 2016. Your Company has evolved a comprehensive policy for Persons with Disabilities (PwDs) as per the Guidelines issued by Gol for providing certain facilities/amenities to PwDs to meet their requirements and enable them to effectively discharge their duties.

Various social welfare measures towards the cause and up-liftment of the Physically Challenged Persons are implemented through Neyveli Health Promotion and Social Welfare Society (NHPSWS), "SNEHA" Opportunity Services and School, both patronized by your Company.

- ❖ **Neyveli Health Promotion and Social Welfare Society (NHPSWS):** Running a school "SHRAVANE" exclusively for the Hearing-Impaired children, retail outlets /provision shops "VAIGAI" and Rehabilitation Centre (RHC) for cane weaving, knitting of wire chairs, repair works of chair seats, office files & book binding works, by engaging differently abled persons.
- ❖ **SNEHA Opportunity Services and School:** SNEHA school is imparting education and Training to mentally challenged children (around 70 children: Boys-48 & Girls-22) and Restaurants (training units) namely Sneha Poushtika & Sneha Amruth engaging differently abled persons.

Implementation of Official Language Act, 1963

In line with the Policy of Government of India and the Provisions prescribed under the Official Language Act, 1963, your Company made all concerted efforts to implement the Policy and promote the Official Language. During the year 2017-18, Hindi workshops were conducted on quarterly basis on various topics besides spoken Hindi classes for 30 working days and Hindi Fortnight in the month of September, 2017, wherein competitions on various topics were held. In order to encourage the learning of Official language, employees are trained through various Hindi Correspondence / Regular Courses or personal contact programmes and rewarded with cash awards.

NLC Schools

Your Company is running 10 Schools essentially for the needs of nearby villages and the students are mostly of the wards of society and contract workmen. The present strength of students is 5710. Breakfast scheme for XI & XII Standard students was introduced for the first time this year.

Implementing PM's Mission in the minds of younger generation

The student community of Neyveli was engaged in India's largest cleanliness drive viz., Swachh Bharat Abhiyan & Swachhata Pakhwada on regular basis to make as a habit among children. Millions of student hours were spent in executing the PM's Mission in the minds of future generation. Mini Marathon Rally was also conducted to create awareness among the public besides Skill India programme to create opportunities, space and scope for the development of talents of Indian Youth.

A Yoga training camp for 15 days was conducted as part of celebrations of the International Yoga Day. Further a special Yoga training camp at Government Home for Children housing mostly Juvenile Students at Villupuram was carried out which was appreciated by the State Government Authorities.

Sports Development Centre (SDC)

Sports Development Centre (SDC) has been promoting sports activities among the Neyveli School students, youth and employees of the Company. Neyveli School students are regularly trained by SDC Coaches in various discipline and they were sponsored to participate in many tournaments across the country. Promotion of Sports among the students has culminated in the form of notable achievements at State, National and even at International level and won various medals/trophies.



Health Care

Your Company accords highest priority to all-inclusive health and medical care needs of employees and their family members.

Your Company's hospital takes care of health needs of employees up to tertiary care level free of cost. Towards this objective, the Company has developed excellent secondary level hospital with 340 bed capacity to provide quality medical care in best-in-class environment. The service mix includes Emergency care, General Medicine, Chest Medicine, Diabetology, Renal Care, General Surgery, Orthopaedics, Obstetrics & Gynaecology, Ophthalmology, ENT, Paediatrics, Neonatology, Dermatology, Psychiatry and Dental services.

Population who are eligible for full access to medical services available in the Company's Hospital, in FY 2017-18, was 89145 patients, which included regular employees and their dependents, CISF and their dependents, Contract workmen (Non-ESI covered) and their dependents.

The Hospital integrates with all National Health Programmes like Revised National Tuberculosis Programme, National Leprosy Eradication Programme, National Aids Control Programme, Universal Immunization Programme and Pulse Polio Programme to impact health outcomes of rural population in the surrounding villages and improve their health indicators.

The General Hospital at Neyveli had treated 59455 patients in the OPD and the Contract workmen & rural patients accounted for 1.50 lakh which is 25% of total population treated in the OPD during the FY 2017-18. During the FY 2017-18, 11569 patients were treated as in-patients and out of this contract workmen and their family members accounted for 15%.

Affordable Medicine and Reliable Implant for Treatment (AMRIT)

In order to enable the general public to have access to quality generic drugs, especially the costlier anti-cancer and cardiovascular drugs at affordable prices, AMRIT Pharmacy, the distribution arm of Bureau of Pharma Public Sector Undertakings of India under the Ministry of Chemicals and Fertilizers has set up its shop in Neyveli. Presence of AMRIT is expected to reduce out-of-pocket expenditure on all essential drugs required for lifelong management of chronic disorders by over 60%.

Environmental Management & Sustainable Development Projects

Your Company practices and promotes the best environment management plan and is committed to environment friendly mining and power generation. The environment policy of your Company is in line with the Vision and Mission Statement and 3 Thermal Power Stations and 3 Mines at Neyveli have been certified with ISO 14001:2004 (Environment Management System), ISO 9001:2008 (Quality Management System) and OHSAS18001:2007 (Occupational Health and Safety Management System) certifications.



During the year 2017-18, 113.50 Ha of land has been reclaimed in all the mines of Neyveli. Orchards and herbal cultivation have been undertaken in the reclaimed area. Slope stabilisation of the Mines Overburden dumps has been undertaken with a view to convert the mine spoil into vegetative making fit for habitation.

Your Company continues to plant trees in order to maintain the green belt and so far over 20 million trees have been planted in and around Neyveli Township and Production Units, which helps in maintaining clean environment, dust suppression, noise control, lowering the atmospheric temperature and maintaining ecological balance. Your Company during the year under review continued to utilise fly ash & bottom ash and the percentage increase in utilization over previous year was 3.89%.



Consequent to the amendment of Environment (Protection) Rules, 1986, the norms for water consumption and emissions from Power Plants [Particulate Matter (PM), Sulphur dioxide (SO₂), Oxides of Nitrogen (NOx) & Mercury (Hg)] have been made stringent for the existing as well as new Thermal Power Plants and in this regard your Company has already taken steps to install Flue Gas De-sulphurisation (FGD) system and to install necessary system to adhere to the revised specific water consumption norms as prescribed.

Safety

Your Company is taking pioneering efforts in the industrial safety area. Central Safety Wing of your Company conducts Risk Assessment and Safety Audit for Thermal Power Stations & Mines in regular periodicity by engaging accredited external agency. The recommendations submitted by the said agencies are being implemented with a focus to achieve Zero harm at Unit Level.

Safety related trainings like Basic, Refresher, on-the-job, Job related briefing etc., are being imparted to all sections of employees in well-designed training centers like Group Vocational Training Centre in Mines, Thermal Training Centre and Learning & Development Centre. By this extensive training of various kinds, there is considerable increase in the level of safety awareness among the employees and contract workers.

Risk Management

Your Company has developed a comprehensive Integrated Risk Management (IRM) framework headed by Functional Director and under this framework, Risk Management is practiced in all the units and the possible risks associated with its business are identified & mitigation plans are evolved. The risk together with the mitigation plans and its implementations are reviewed by the Risk Management Committee and by the Board periodically.

Vigilance

The activities undertaken by Vigilance Department are Pro-active, Preventive, & Punitive and other measures to sensitize the employees of the Company. Complaints received in the department are dealt based on the "Complaint Handling Policy" and are processed using the Complaint Tracking System (CTS) from receipt up to disposal. As a preventive measure, surprise checks and regular checks, quality checks, follow-up checks and CTE type examinations are conducted. Integrity Pact with the Suppliers/Contractors for all tenders with estimate of ₹ 1.0 crore and above are monitored and review meetings of Independent External Monitors (IEMs) with senior officials of the company are held once in a quarter and IEMs meet with vendors and contractors are held once in a year.

Vigilance department has been conducting "Ethical Awareness Programme" to impart ethical awareness and ethical character education programme to the school students of Neyveli Township. Around 2500 students have enrolled in the Ethical Forum. During the Vigilance Awareness Week -2017 (VAW-2017), competitions on Short Films on the theme "My Vision-Corruption Free India" conducted and necessary steps were taken to host the selected Short Films in social media like YouTube etc. The Vigilance Department gives a lot of thrust for using Information Technology and has taken various initiatives for developing Systems.

During the year 369 complaints were received by the Vigilance Department and out of that 367 complaints (including 8 nos. of complaints pertaining to previous year) have been disposed of. Out of the above disposed cases, 237 complaints were anonymous / pseudonymous, 92 complaints were sent for administrative action to the respective Units and investigations were done in respect of 38 nos. of complaints.

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, Germany. During the year 2017-18, two review meetings of the Independent External Monitors were held.



Corporate Social Responsibility

- ❖ 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.
- ❖ The thrust areas of the CSR and sustainability activities undertaken by your company during the year were on promotion of health, education, enhancement of vocational skills, gender equality, empowerment of women, environmental sustainability, rural sports, rural development, preservation of national heritage, art and culture besides maintaining of old age home and for welfare of SC, ST & OBC.
- ❖ Your Company has adopted a Corporate Social Responsibility Policy covering the various sectors of sustainable socio-economic development. The Policy is available in the Company's Website https://www.nlcindia.com/new_website/index.htm
- ❖ Your Company outlays funds for the CSR projects, programmes and activities selected for implementation under the CSR Policy.
- ❖ The CSR Committee of the Board is monitoring the implementation of the CSR Projects to ensure that your Company spends, in every financial year, at least 2% of the average net profits of the last three years.
- ❖ Time frames and milestones are fixed through Baseline Survey before commencement of the CSR Projects.
- ❖ Initiatives of State / Central Government Departments / Agencies are dovetailed / synergized with the CSR Activities of the Company.

During the year, above activities benefited 43 panchayats and 10 schools in total covering 1,11,688 people in different locations including remote areas.

Your Company incurred a total expenditure on CSR activities to the tune of ₹ 43.59 crore during the year (including the carry forward amount of previous year of ₹ 6.27 crore), which amounts to 2.00 % of preceding three years average net profit.

A detailed report on CSR activities compiled as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134 (3) and 135 (2) of the Companies Act, 2013 is placed at Annexure - 1.

New Initiatives during the year 2017-18

- ❖ Successfully implemented GST and passed on the applicable benefits to the beneficiaries.
- ❖ Declared "Go-live" of SAP ERP of Financial and Control modules.
- ❖ Reverse auctions conducted for purchases and contracts beyond threshold value including for borrowings from Banks / Financial Institutions.

Forum of Women in Public Sector (WIPS)

WIPS NLCIL chapter was formed in the year 1990. The strength of women employees in the Company as on 31st March 2018 stood at 1050 constituting 7.27% of Company's human resource.

The programme / projects undertaken by WIPS during the year 2017-18 as follows:

- ❖ Skill / Personality development
- ❖ Women Empowerment
- ❖ Motivational programme for girl children
- ❖ Social welfare / awareness programme
- ❖ Women Leaders - Insight to Commitment
- ❖ Family budget
- ❖ Risk factors and prevention of cervix and breast cancer
- ❖ Change of lifestyle for women
- ❖ Laws helpful for women happiness
- ❖ Ensure safety and hygiene of female child



Awards & Recognition

In recognition of its various activities, your Company has been conferred with the following awards during the year 2017-18:

- “Golden Peacock Environment Management Award” for the year 2017 in appreciation of its adoption of environment friendly technology presented in the World Congress on Environment Management.
- “Excellence in Cost Management” in the 14th National Awards for Excellence in Cost Management-2016.
- Four National Awards and a Special Jury Award for Corporate video, bestowed by The Public Relations Society of India (PRSI) recognising the Company’s achievements in public relations and performance.
- “NIPM National Award” for Best HR Practices 2017 by National Institute of Personnel Management (NIPM) for implementing modern HR strategies in the Company.
- “Golden Peacock Award for Sustainability 2017” presented in Golden Business Meet.
- Three awards instituted by PRSI for the (i) Best Corporate Film, (ii) Best PSU implementing RTI and (iii) Best CSR project for Women Development.
- “Industrial Excellence Award 2017” for its best performance and excellence in engineering operation under category “A” presented in the 32nd Indian Engineering Congress 2017 organised by the Institution of Engineers (India), Tamilnadu State Centre.
- “National Energy Conservation Award - 2017” for Mine-I presented by Bureau of Energy Efficiency, Ministry of Power, Govt. of India.
- “Rajasthan Energy Conservation Award 2017” (RECA) for Barsingsar Thermal Power Station, presented by Bureau of Energy Efficiency Ministry of Power, Govt. of India.
- “Scope Corporate Communication Excellence Award 2017” for initiatives on inclusive growth in the Category of Brand Building.
- First prize in the Rajbhasha Field for its best performance in the field of Official Language Implementation instituted by the “Town Official Language Implementation Committee” (TOLIC) of Puducherry.

During the current year 2018-19, the following awards/recognition have been received:

- “Brand of the Decade Award” instituted by Herald Global and BARC Asia in recognition of the Company’s exigent business model.
- The “APEX India CSR Excellence Award 2017” under Gold Category instituted by APEX India Foundation in recognition of NLCIL contribution in the area of CSR.
- “Hindustan Ratna PSU Award” instituted by Hindustan Times, in recognition of its “success and excellence among Public Sector Enterprises”.
- Fastest growing PSU by the Hindustan Times group based on a survey by Price Waterhouse Cooper.

Compliance under the Right to Information Act, 2005

Your Company ensures compliance under the Right to Information Act, 2005 . 19 Central Assistant Public Information Officers representing different functional areas, one Nodal Officer, one Central Public Information Officer, one Appellate Authority and one Transparency Officer have been nominated to attend to the queries and appeals received under the RTI act in a time bound manner.

During the year 2017-18, under the above Act, 347 applications containing 1599 queries were received and 330 applications covering 1508 queries have been replied.



Compliance under Public Procurement Policy

The Ministry of Micro, Small and Medium Enterprises (MSMEs) has notified the Public Procurement Policy and in terms of the notification issued the target set for the financial year 2017-18 for procurement of such items which are within the scope of MSMEs was 20% and as against the same, the achievement was 33.65%.

Citizen's Charter

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

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo

The particulars required under Section 134(3) (m) of the Companies Act, 2013 regarding conservation of energy, technology absorption and Foreign exchange earnings and outgo are furnished in Annexure - 2.

Management Discussion & Analysis Report and Report on Corporate Governance

The Management Discussion & Analysis Report is furnished in Annexure - 3. The report on Corporate Governance on the compliance of Corporate Governance conditions stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the DPE guidelines on corporate governance is furnished in Annexure - 4.

The Auditors Certificate on the Compliance of above Corporate Governance Conditions is furnished in Annexure - 5.

Statutory Disclosures under Companies Act, 2013 and SEBI (LODR) Regulations, 2015

Extract of Annual Return

The extract of Annual Return in terms of Section 134(3) read with Section 92(3) of the Companies Act, 2013 is placed in Annexure - 6.

Declaration by Independent Directors

The Independent Directors have given a declaration on meeting the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

Particulars of Employees

Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - Nil

Loans, Guarantees and Investments

As on 31-March 2018, the share capital held by your Company in NTPL, NUPPL & MNH Shakti was ₹ 1947.36 crore, ₹ 461.24 crore and ₹ 12.77 crore respectively. Your Company has been extending loans to its Subsidiaries, viz., NTPL and NUPPL. As on 31st March, 2018, the loan amount outstanding from NTPL and NUPPL were ₹ 750 crore and ₹ 1000 crore respectively.

Your Company has not granted any other loan or guarantee or made any other investments (other than short term deposits with the bank in the ordinary course of business) during the year 2017-18.

Deposits

The Company has not accepted any deposit from public.

Disclosures with respect to demat suspense account/ unclaimed suspense account in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There were 1100 equity shares pertaining to 6 shareholders lying unclaimed as on 01.04.2017 in the demat suspense account/ unclaimed suspense account. Out of the above 1100 equity shares, in terms of the provisions of Companies Act, 2013, 900 shares were transferred to Investors Education and Protection Fund (IEPF) during the year 2017-18. As on 31st March, 2018, 200 shares (for which necessary claim has been received) are lying in the above account pending completion of formalities.



Material Changes affecting financial position occurring between the end date of financial year and the date of the Report - Nil.

Sexual harassment of women at work place

A separate Committee is in place for looking into the complaints relating to sexual harassment of women at workplace. During the year 2017-18, no complaint was received in this regard.

Auditors

Statutory Audit

Chandran & Raman, Chartered Accountants, Chennai and P.K.K.G. Balasubramaniam & Associates, Chartered Accountants, Tiruvannamalai were appointed by the Comptroller and Auditor General of India (C&AG) as Joint Statutory Auditors for the year 2017-18 under Section 139 of the Companies Act, 2013. The Board of Directors of your Company has fixed ₹ 24 lakh plus applicable taxes as the Statutory Audit fees, to be shared equally by the Joint Statutory Auditors.

Branch Audit

Bhandawat & Company, Chartered Accountants, Jaipur has been appointed as the Branch Auditor for the year 2017-18 by C&AG for conducting the audit of Mine and Thermal Units at Barsingsar.

Secretarial Audit

A.K. Jain & Associates, Practicing Company Secretaries, Chennai was appointed as the Secretarial Auditor for the year 2017-18. The Secretarial Audit report for the year 2017-18 and the reply to observations of the Secretarial Auditors are furnished in Annexure - 7.

Cost Audit

Bandyopadhyaya Bhaumik & Co, Cost Accountants, Kolkata was appointed as the Cost Auditor for the year 2017-18 to conduct cost audit for Mines & Power Stations of the Company. The cost audit report for the year 2016-17 was filed with Ministry of Corporate Affairs on 7th September, 2017 against the due date 11th September, 2017.

C&AG's Comments

C&AG's Comments on the accounts for the year ended 31st March, 2018 is furnished in Annexure - 8.

Directors Responsibility Statement as per Section 134 (3) (c) of the Companies Act, 2013

The Board of Directors declares that :

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



Board of Directors

Shri. Suresh Kumar, Additional Secretary, Ministry of Coal, Shri Indrajit Pal, Independent Director and Shri Nadella Naga Maheswar Rao, Director (Planning & Projects) were inducted into the Board of Directors w.e.f. 09.06.2017, 06.09.2017 and 29.06.2018 respectively. Shri. R.P. Gupta, relinquished his position as a Director w.e.f. 09.06.2017. Shri. P. Selvakumar, relinquished as a Director Planning & Projects on 31.05.2018 on superannuation. The Board places on record its appreciation for the valuable contribution made by them during their tenure as a Director on the Board of the Company.

Shri. V. Thangapandian and Shri. R. Vikraman, 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 New and Renewable Energy, Ministry of Finance, Ministry of Environment, Forest & Climate Change, Ministry of Industry, Ministry of Labour, Ministry of Heavy Industries and Public Enterprises, NITI Aayog, DIPAM, Central Electricity Authority, Central Electricity Regulatory Commission, State Electricity Boards and beneficiaries of Tamil Nadu, Andhra Pradesh, Telangana, 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), Mahanadi Coalfields Limited (MCL) and Hindalco.

The Board of Directors of your Company is pleased to acknowledge with gratitude the cooperation and continued support extended by the Governments of Tamil Nadu, Rajasthan, Uttar Pradesh, Jharkhand and Odisha, V.O.C. Port Trust, Tuticorin and the District Administrations of Cuddalore, Bikaner, Tuticorin, Sambalpur, Kanpur Nagar and Dumka. The support and co-operation extended by the Comptroller and Auditor General of India, Statutory Auditors, Branch Auditor, Cost Auditor, Secretarial Auditor, Director General of Mines Safety, the Factory & Boiler Inspectorates, Chief Inspector of Factories, the Director of Boilers, Central Pollution Control Board, State Pollution Control Board, Chief Controller of Explosives, Regional Labour Commissioner, Regional Provident Fund Commissioner, the 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 : Neyveli

Date : 29.06.2018

Dr. Sarat Kumar Acharya
Chairman and Managing Director