

NEYVELI LIGNITE CORPORATION LIMITED

MINUTES OF THE 55TH ANNUAL GENERAL MEETING OF NEYVELI LIGNITE CORPORATION LIMITED HELD AT 11-00 HOURS ON MONDAY, THE 12TH SEPTEMBER, 2011 AT "SATHGURU GNANANANDA HALL", NARADA GANA SABHA, NO.314, T.T.K.ROAD, CHENNAI-600 018.

PRESENT:

Shri. A.R.Ansari	: Chairman-cum-Managing Director & Member
Shri. B.Surender Mohan	: Director & Member
Shri. K.Sekar	: Director & Member
Shri. R.Kandasamy	: Director & Member
Shri. J.Mahilselvan	: Director & Member
Shri. Sarat Kumar Acharya	: Director & Member
Dr.Sanjay Govind Dhande	: Director
Shri. L.N.Vijayaraghavan	: Director
Shri. M.B.N.Rao	: Director
Shri.M.M.Sharma	: Director
Shri.V.Murali	: Director
Shri.R.K.Mishra	: Director

Shri K.Viswanath : Company Secretary

Shri.I.P.Nagpal, Under Secretary, Ministry of Coal, the representative of the President of India attended the Annual General Meeting and 2522 Members including 10 proxy shareholders recorded their presence at the Annual General Meeting. Shri.G. Hari Govind and Shri.N.Venkatramani of M/s.Ganesan and Company, Chartered Accountants, Chennai and Shri. S.Jothirajan of M/s.L.U.Krishnan & Co., Chartered Accountants, Chennai, the Statutory Auditors of the Company also attended the meeting.

The Chairman after ascertaining the presence of requisite quorum, called the Meeting to order. The Chairman welcomed the Members present and informed that the Register of Members, Register of Directors' Shareholdings and Minutes Book of Annual General Meeting are available for inspection by any Members till the conclusion of the Annual General Meeting.

With the permission of the Members present, the notice convening the Meeting and the Audited Accounts for the year 2010-11 were taken as read.

Shri K.Viswanath, Company Secretary read the Statutory Auditors' Report for the year 2010 -11.



The Chairman in his address to the Members detailed on the performance of the Company during the financial year 2010-11 and also informed that the Company has achieved the highest ever performance in overburden removal, lignite production, generation and export of power. The Chairman also stated that profit after tax recorded for the financial year 2010-11 was the highest ever since inception and dividend @ 23 % (Rs.2.30 per share) recommended by the Board of Directors of the Company for the financial year 2010-11 was the highest ever since the Company commenced paying dividend.

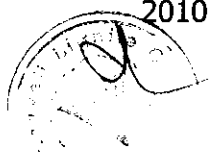
The Chairman in his address apprised the members on the projects under implementation viz., Barsingsar Thermal Power Station (2 x 125 MW), Thermal Power Station II Expansion (2x250 MW) and the coal based Thermal Power Plant at Tuticorin (2x500 MW) being implemented by NLC Tamilnadu Power Limited, the Subsidiary Company.

The Chairman also gave a detailed note on the new project proposals viz., the New Thermal Power Station (2x500 MW) replacing TPS-I at Neyveli, Thermal Power Project (250 MW) with linked Mine (2.25 MTPA) at Bithnok, Rajasthan, Barsingsar Extension Power Project (250MW) and Hadla & Palana Lignite Mine (2.5 MTPA), Coastal Sirkali Thermal Power Project (4000MW); Tamilnadu, Coal based Power Project in Uttar Pradesh (2000MW) and Devangudi Mine Project.

The Chairman in his address expressed his appreciation for the co-operation and support extended by the Government of India, the Government of Tamil Nadu, recognised Trade Unions and Associations representing Workmen and Officers and past and present employees of the Company and also recorded the contribution and support extended by other Board Members.

After conclusion of his address, the Chairman invited the members to seek queries/ clarifications on the audited financial accounts for the year 2010-11 placed before the Members.

Shri R.Sivakumar (Client ID IN 301637 40117566) desired to know the reasons for the loss incurred in the Barsingsar Project not getting reflected in the auditors' report for the year ended 31st March, 2011. The shareholder sought the details about the basis of provisions made towards the gratuity liability to the employees and also towards the depreciation on the assets for the year 2010-11 and also for the earlier years. The shareholder also wished to know the



reasons for the values given against assets and liabilities in the segment results not tallying as in the case of balance sheet of any year.

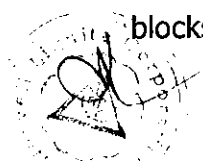
Shri.S.Padmanaban (Client ID IN 301774 10308922) while mentioning about the higher dividend payment for the year 2010-11, wanted to know the dividend policy of the Company. The shareholder also while pointing out the increase in the foreign exchange outgo, wished to know whether the Company would earn foreign exchange in the years to come. The shareholder further quoted the SEBI's circular on the requirement to dematerialize 100% of the shares held by the Promoter and wanted to know the action taken for implementation on the said circular. The shareholder also wanted details on the Auditors' observation in their report in respect of provisional tariff and also on the dispute with the Government of Rajasthan relating to land tax.

Shri.Bhatulla Venkataratnam (Client ID IN300610 10312507) put a word of praise for gradual development of the Company both in physical as well as financial aspects. The shareholder made suggestions to reduce the quantum of sundry debtors and also for payment of more dividend.

Shr.R.Vidyashankar (Client ID 204470005731511) complimented the Company for getting the Navratna status. The shareholder desired to know the details on the loans taken by the Company for the projects and the basis of depreciation provided on the fixed assets/ equipment etc. The shareholder further desired to know the reasons for non-compliance of certain provisions of the listing agreement as mentioned in the Auditors' Report on Corporate Governance.

Shri.K.A.Duraisamy (Client ID IN 1203840000 326994) complimented for getting Navratna status. The shareholder opined that increase in profitability did not reflect in the increase in the share price. The shareholder also opined that a smooth industrial relation is required to be maintained for the progress of the Company.

Shri.R.Srinivasan (Client ID 30169610026184) congratulated for having got the Navratna status and further wished for Maharatna status in the near future. The shareholder also quoted the recent circulars on conducting of Annual General Meeting through video conferencing. The shareholder desired that the Company to go in for wind and other non-renewable energy and also for acquiring coal blocks abroad, in order to sustain growth. The share holder pointed out that



the PLF of TPS-I is relatively on the lower side as compared to other plants and wanted to know the steps taken to improve. The shareholder also wished to know the details on the mine closure expenditure and further expressed his views on availing loans and placement of cash in short-term deposits.

Shri.V.Balasubramanian (Client ID IN301080 22474600) expressed concern over the increase in the sundry debtors position and also the lower dividend yield. The shareholder desired for improvement in the higher EPS and wanted to know the present stage of construction of Neyveli New Thermal Power Station, replacing the existing TPS-I and also about clean coal technology so as to have better pricing power using such technology. The shareholder also wished to know the reason for placing funds in short-term deposits. The shareholder expressed his views on the impairment provisions that may have to be made as and when the TPS-I ceases its operation. The shareholder also expressed his concern on the delayed project execution and wished to know whether any recovery will be made from the contractor for the delay caused.

Shri.R.Manimaran (Folio No.17598) complimented for Navratna status and put a word of praise for increase in physical performance and the profits for the year 2010-11. The shareholder expressed his views on increasing the production performance of Mine-I.

Shri. Leslie Prabhu (Client ID IN 301637 60026924) congratulated for attaining the Navratna status. The shareholder also put forth his views on the green initiatives notified by Ministry of Company Affairs regarding sending of Annual Reports as a soft copy.

The Chairman, in his reply, acknowledged with thanks the queries and concerns raised by the shareholders.

The Chairman generally covered all the queries / points raised by the Members in his reply. The Chairman informed the shareholders that the Company is looking for diversifying its activities into solar energy, wind energy and further stated that the Company, being a Navratna Company, the Board of Directors of the Company is empowered to approve any new projects. The Chairman explained to the Members that the price of lignite is fixed as per the guidelines formulated by the Government and the power tariff is fixed by Central Electricity Regulatory Commission.



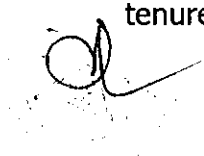
The Chairman briefed the Members on the requirement for adopting the mine closure plan for each mine as notified by the Government. The Chairman explained to the members that prior to notification by the Government an amount @Rs.40/- per ton of lignite was charged towards mine closure expenditure and the same was provided since 1.4.2004. It was informed to the Members that subsequent to the notification the above rate has been revised to Rs.8/- per ton w.e.f.1.4.2004 and hence the same impacted on the sales turnover for the year 2010-11. The Chairman further stated that since the mine closure has been notified by the Government, for future it will be charged to the beneficiaries as per the notification.

The Chairman informed the Members that Unit No.1 of TPS-I is the oldest Unit serving for more than 40 years and considering the age of this plant as a whole, 73% PLF of this Plant is the highest and remarkable one. The Chairman explained to the Members that the operation of this plant is being continued as per the request of the State Government and based on the Residual Life Assessment study being conducted with regard to the safety of operation of the units. The Chairman also briefed the Members on the status of Neyveli New Thermal Power Plant, replacing the existing TPS-I, under implementation and stated that the new unit is likely to be commissioned during the year 2014-15.

Regarding the dispute over payment of land tax, the Chairman explained to the Members that the Company has contested before the authorities stating that levy of land tax is only applicable in respect of land used for mining purposes and not for other uses viz., construction of power plant, laying of roads etc.

Regarding dividend, the Chairman informed that the rate of dividend for the financial year 2010-2011 was the highest ever since the Company commenced payment of dividend and stated that the pay out is as per the Government guideline. The Chairman also stated that the future performance of the Company will improve the EPS and also the dividend yield.

Regarding observations of Auditors on the composition of Board of Directors and the Audit Committee, the Chairman informed the Members that the Independent Directors appointed earlier had relinquished on completion of their tenure and a new set of Independent Directors were inducted into the Board



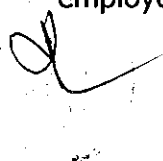
and the observations of Auditors pertains to the brief period till the new Directors were appointed as stated above. The Chairman also informed the Members that the Company is presently fully complying with the requirements of listing agreement on Corporate Governance. With regard to the concern of a shareholder regarding IR scenario, the Chairman stated that the relationship with the recognized Unions and other Associations are cordial.

The Chairman then requested Director(Finance) to reply some of the queries relating to Annual Accounts 2010-11.

The Director (Finance), in his reply, clarified to the Members that the loss incurred as per the Branch Auditors' report referred to by a Member pertains to the operation of Barsingsar project only, whereas the Auditors' Report sent to the Members as part of the Annual Report is for the Company as a whole and hence the loss of the Branch is absorbed by the profit earned by the Company as a whole.

As regards the specific query on the segment result for the year compared with the earlier years, stating mismatch of assets and liabilities, it was explained by Director(Finance) that the balance sheet is prepared by the Company in line with the provisions of the Companies Act, 1956 wherein the asset side and the liability side shall be balanced while, in case of listed Companies the segment results are prepared as per the requirement of Listing Agreement with Stock Exchanges in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of India. Director (Finance) further added that in the above segment results the total assets and the total liability need not be matched as the Paid-up capital and Reserves & Surplus are the Owner's money and hence not considered as a liability. In view of the above, Director(Finance) informed that the segment results are in order and in line with the advice of the Statutory Auditors.

Regarding query on gratuity, the Director(Finance) provided the break-up details of gratuity amount provided in the earlier years as per the actuarial valuation report and further informed the Members that the gratuity amount has been calculated as per actuarial valuation after taking into consideration for all the employees on roll, the prevailing wage/ salary structure of the individual employee, their extent of past service as well as their remaining service upto



their retirement etc. Director (Finance) further informed that the amount to be deposited every year to the fund manager, LIC Group Gratuity Fund, is calculated by them and deposited by the Company and hence the same is in order.

Regarding depreciation, the Director (Finance) explained the methodology for providing depreciation on the assets and stated that the depreciation so arrived is charged to the profit and loss account and is not a cash outflow. Regarding the use of foreign exchange/KfW loan, it was informed that the same is used for procurement of capital equipment and the Company is not earning any foreign exchange as the power sales is only to domestic beneficiaries. Regarding dematerialisation of holding of shares by the Promoter, it was informed that action has already been initiated to dematerialise the shares held in the name of the President of India.

The Director(Finance) further stated that consortium loan for the expansion projects has been obtained at an average rate of 10.25% subsequent to re-set of interest rates and further stated that repayment of loan has already been commenced. As regards bonds, the Director(Finance) stated that the repayment of bonds will be made through a bullet payment during the year 2019, while ECB loans will be paid in two installments during the year 2011-12.

Regarding deployment of surplus funds in the short term deposits, the Director(Finance) informed to the Members that as per CERC guidelines a mix of debt and equity in the ratio of 70:30 is permitted for any project and based on the same the power tariff is notified by CERC. Director (Finance) explained to the Members that any investment of internal accruals by the Company beyond 30% will not be considered by CERC while fixing the power tariff and hence the surplus money not required for immediate use is deployed in Short-term Deposits so as to earn interest out of the same.

To the supplemental query on the delayed execution of projects, the Chairman informed the Members that the project execution is monitored and reviewed at various levels, including at the level of concerned administrative ministries and as regards penalty for delayed execution by the contractors, it was stated that the applicable liquidated damages will be levied on the contractors for the delay caused by them.

The Chairman then announced that items listed in the notice would be taken up for consideration.



ORDINARY BUSINESS

1. Adoption of Audited Profit & Loss Account for the year ended 31st March, 2011 and Balance Sheet as on that date and the Report of the Board of Directors and the Report of the Auditors Report thereon.

The Chairman moved the following resolution as an Ordinary Resolution and was seconded by Shri K.Sekar, Director and Member (Folio No.27831).

"RESOLVED that the Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon placed before the Meeting be and are hereby approved and adopted".

The Motion, on being put to vote, was carried with majority.

2. Declaration of Dividend.

Shri K.Sekar, Director & Member (Folio No.27831) , moved the following resolution as an Ordinary Resolution and was seconded by Shri B.Surender Mohan, Director & Member (Folio No.27615).

"RESOLVED that the dividend @ 23 % (Rs.2.30 per share) on the Paid-up Equity Share Capital of Rs.1677,70,96,000/- of the Company be and is hereby declared for the financial year ended 31st March,2011 and be paid to those Shareholders whose name appear on the Register of Members in physical form as on 12th September,2011 and also to the beneficial owners as per the data provided by the Depositories as at the end of business hours on 2nd September,2011 in respect of shares held in electronic form".

The Motion, on being put to vote, was carried with majority.

3. Re-appointment of Shri R.Kandasamy as a Director.

Shri B.Surender Mohan, Director & Member (Folio No.27615) moved the following resolution as an Ordinary Resolution and was seconded by Shri J.Mahilselvan, Director & Member(Folio No.27995).

"RESOLVED that Shri R.Kandasamy, Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

The Motion, on being put to vote, was carried with majority.



4. Re-appointment of Dr.Sanjay Govind Dhande as a Director.

Shri Sarat Kumar Acharya, Director & Member (Folio No.28087) moved the following resolution as an Ordinary Resolution and was seconded by Shri R.Kandasamy, Director & Member(Folio No.27830).

"RESOLVED that Dr.Sanjay Govind Dhande , Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

The Motion, on being put to vote, was carried with majority.

5. Re-appointment of Shri J.Mahilselvan as a Director.

Shri B.Surender Mohan, Director & Member (Folio No.27615) moved the following resolution as an Ordinary Resolution and was seconded by Shri Sarat Kumar Acharya, Director & Member(Folio No.28087).

"RESOLVED that Shri J.Mahilselvan, Director, who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

The Motion, on being put to vote, was carried with majority.

SPECIAL BUSINESS :

6. Appointment of Shri.Sarat Kumar Acharya as a Director.

Shri J.Mahilselvan, Director & Member (Folio No.27995) moved the following resolution as an Ordinary Resolution and was seconded by Shri B.Surender Mohan, Director & Member (Folio No.27615).

"RESOLVED that Shri.Sarat Kumar Acharya, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

7. Appointment of Shri.S.K.Roongta as a Director.

Shri K.Sekar, Director & Member (Folio No.27831) moved the following resolution as an Ordinary Resolution and was seconded by Shri R.Kandasamy, Director & Member (Folio No.27830).

"RESOLVED that Shri.S.K.Roongta, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.



8. Appointment of Shri.A.P.V.N.Sarma as a Director.

Shri Sarat Kumar Acharya, Director & Member (Folio No.28087) moved the following resolution as an Ordinary Resolution and was seconded by Shri K.Sekar, Director & Member (Folio No.27831).

"RESOLVED that Shri.A.P.V.N.Sarma, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

9. Appointment of Shri.L.N.Vijayaraghavan as a Director.

Shri B.Surender Mohan, Director & Member (Folio No.27615) moved the following resolution as an Ordinary Resolution and was seconded by Shri Sarat Kumar Acharya, Director & Member (Folio No.28087).

"RESOLVED that Shri.L.N.Vijayaraghavan, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

10. Appointment of Shri.M.M.Sharma as a Director.

Shri R.Kandasamy, Director & Member (Folio No.27830) moved the following resolution as an Ordinary Resolution and was seconded by Shri J.Mahilselvan, Director & Member (Folio No.27995).

"RESOLVED that Shri.M.M.Sharma, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

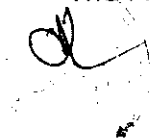
The Motion, on being put to vote, was carried with majority.

11.Appointment of Shri.M.B.N.Rao as a Director.

Shri J.Mahilselvan, Director & Member (Folio No.27995) moved the following resolution as an Ordinary Resolution and was seconded by Shri B.Surender Mohan, Director & Member (Folio No.27615).

"RESOLVED that Shri.M.B.N.Rao, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.



12. Appointment of Shri.V.Murali as a Director.

Shri K.Sekar, Director & Member (Folio No.27831) moved the following resolution as an Ordinary Resolution and was seconded by Shri R.Kandasamy, Director & Member (Folio No.27830).

"RESOLVED that Shri.V.Murali, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

13. Appointment of Shri.R.K.Mishra as a Director.

Shri B.Surender Mohan, Director & Member (Folio No.27615) moved the following resolution as an Ordinary Resolution and was seconded by Shri K.Sekar, Director & Member (Folio No.27831).

"RESOLVED that Shri.R.K.Mishra, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

14. Appointment of Dr.N.Sundaradevan as a Director.

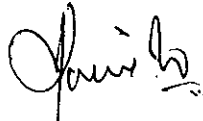
Shri J.Mahilselvan, Director & Member (Folio No.27995) moved the following resolution as an Ordinary Resolution and was seconded by Shri B.Surender Mohan, Director & Member (Folio No.27615).

"RESOLVED that Dr.N.Sundaradevan, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Motion, on being put to vote, was carried with majority.

The Chairman declared the meeting as concluded.

CHAIRMAN.
10-10-2011


COMPANY SECRETARY,
Neyveli Lignite Corporation Ltd.,
NEYVELI-607 801.