

## CHAIRMAN'S STATEMENT

**Dear Shareholders,**

I am privileged to welcome you all to this 20<sup>th</sup> Annual General Meeting of your Company. I am happy to share with you the performance of your company and present the 20<sup>th</sup> Annual Report of the company for the year 2018-19.

The year 2018-19 has seen remarkable performance by NSPCL in terms of both current business operations and project execution for future growth.

I am delighted to inform you that NSPCL has once again obtained 'NIL' comments from CAG after completion of statutory CAG audit for 2018-19 accounts.

With commissioning of under construction projects i.e. Rourkela PP-II Expansion Project (1x250 MW) and Durgapur PP-III (2x20 MW), NSPCL's capacity will increase by about 36%.

### Operational Highlights

CPP-IIs at Bhilai (74 MW), Durgapur (120 MW) and Rourkela (120 MW) with a total capacity of 314 MW, have operated at an availability factor of 92.35% and generated 2461 MUs in 2018-19. Bhilai PP-III (2x250 MW) had generated 3426 MUs in 2018-19. Plant load factor of Bhilai PP-III is 78.22% in 2018-19. This was achieved in spite of about 143 MUs (3.26%) loss due to low schedule from grid. During 2018-19, NSPCL achieved a total Generation of 5887 MU.

NSPCL had received about 2.03 MMT coal from SECL in 2018-19 for Bhilai PP-III which is around 84% of ACQ and about 0.26 MMT was procured through other sources (SCCL) in MOU route. Further, 41,000 T coal was procured through various e-auctions in during this year.

Various best ever operational parameters have been achieved in 2018-19 due to quest for excellence practiced by all employees of your Company. Rourkela CPP-II achieved lowest ever specific water consumption of 4.551 m<sup>3</sup>/MWhr and Durgapur CPP-II achieved lowest ever DM makeup water consumption of 0.892% in FY 18-19.

The Company has taken various proactive steps to ensure high equipment availability as well as to improve plant efficiency. Safety parks were made operational in all the four stations of NSPCL.

### Financial Performance

Your company recorded a total income of Rs.2739.21 Crs. during 2018-19 against Rs. 2644.46 Crs. in 2017-18. The Profit After Tax (PAT) for the year 2018-19 was Rs. 362.33 Crs. against Rs. 331.71 Crs. in 2017-18 registering an increase of 8.45%.

Excellent operational performance by various power plants of NSPCL has made this possible.

A total dividend of Rs. 40 Crs. was paid to the promoters in 2018-19. Over the years, Rs. 1050 Crs. have been paid to the promoters by NSPCL through dividends till date and this is about 107.12% of paid up capital of the Company.

NSPCL's track record of 100% realisation of energy bills was maintained in 2018-19. Your company has received UI contribution and RRAS of approximate Rs. 3.32 Cr. and Rs. 2.06 Cr. respectively during the year.

NSPCL has mobilised Rs.500 Crs by issuing secured, non-cumulative, nonconvertible, redeemable, fully paid up, taxable debentures repayable after the expiry of five years at a coupon rate of 7.72% on 7<sup>th</sup> July, 2017. With the issue of Bonds, the Company got listed on Bombay Stock Exchange.

### **Growth Momentum**

2018-19 has been a year of action for construction of two coal based projects of 290 MW capacity i.e. Rourkela PP-II Expansion (250 MW) and Durgapur PP-III (40 MW) which are presently in active execution phase.

Boiler Hydro test for Rourkela Power Plant II Expansion (1x250 MW) was conducted on 08.09.18 and TG erection was started on 27.11.18. Work for the project is in full swing and the unit is scheduled for commissioning in 2019-20.

In case of Durgapur PP-III (2x20 MW) Project, Boiler drum of U#1 was lifted on 30.03.18 and the same for U#2 on 25.04.18. Condenser structural erection started on 02.06.18. Work for the project is in full swing and the unit is scheduled for commissioning in 2019-20.

### **Environment management**

Sustainable growth has always been one of the pillars of NSPCL's growth structure. Several pro-active measures have been taken for SPM, SO<sub>x</sub> & NO<sub>x</sub> mitigation. Dry ash collection systems at Bhilai, Rourkela & Durgapur are under operation. Actions for ESP up-gradation to comply with the statutory environmental norms have already been undertaken in all stations of NSPCL. To reduce emission of SO<sub>x</sub>, NO<sub>x</sub>, Flue Gas Desulphurisation (FGD) system and DeNO<sub>x</sub> system are being implemented through NTPC in all NSPCL stations.

Your company is fully committed to ensure and provide safe and healthy work environment. Special attention is being given to adherence to safety practices in construction projects. Near miss accidents are also being reported and analysed so as to take timely preventive measures. Regular safety audits are being held in all projects.

During the current year, your company has decided to take the initiative of going 'Paperless' and various measures are being initiated in this regard. From September'18 onwards the Paperless Board Meetings are being conducted through a software.

### **Employee Development**

The power to drive the company forward lies with the employees of NSPCL. Development of employees is one of the most important factors for the growth of the organization as our people are the most valuable resource and asset of the Company. Your company continues to put focus on four HR Building blocks viz. Competency Building, Commitment Building, Culture Building and System Building.

Lot of thrust has been put on employee development by providing training, competency mapping & individual development plans and succession planning. Further, leadership development programmes are organised both for senior & junior management in association with reputed Management Institutes.

With a view to optimise its manpower, your company has implemented shared services in HR and the same in Contracts and Finance areas are being implemented. This shall help in digitalisation of back office, stream line process and improve productivity.

### **Corporate Social Responsibility**

Your Company achieved CSR expenditure of Rs. 6.79 Crs. in 2018-19. Focus areas of NSPCL's CSR and Sustainable Development activities are women empowerment, education to underprivileged children, skill development of rural youth, preventive health care, family welfare, sanitation, promotion of art and culture and social infrastructure projects contributing to holistic development of stakeholders. CSR subcommittee of NSPCL Board oversees implementation of CSR activities in line with the approved CSR policy. Further, CSR efficacy survey was also carried out at all locations to assess benefits to the targeted groups and gap analysis for further improvement.

### **Corporate Governance**

Your company always strives to maintain highest standards of Corporate Governance in business activities. Integrity and transparency are two corner stones of our Corporate Governance Philosophy. In line with CVC guideline, high value contracts are monitored by Independent External Monitor in your Company. Further as a listed company, NSPCL has been complying with the requirements of Corporate Governance under regulations of SEBI. Various policies namely 'NSPCL Safety Policy', 'NSPCL Ash Utilization Policy' and 'NSPCL Environment Policy, Enterprise Risk Management, Banning of Business Dealings, e-Waste

management, handling & disposal, IT Security Policy etc. are in place and under implementation. Your company has also adopted Whistle Blower Policy for reporting the instances of unethical/improper conduct.

### **Awards and Accolades.**

I am happy to share with you that in recognition of its various activities, your company has been conferred with the following awards during 2018-19:-

- Bhilai PP-III has received prestigious NTPC Swarn Shakti Safety Award (Winner) for FY 2016-17 amongst all NTPC Projects including JVs of NTPC. Bhilai PP-III has also received NTPC Swarn Shakti Productivity award (Runner up) for FY 2017-18.
- NSPCL has been certified as “Great Place to Work” by the Great Place to Work Institute.
- Team Prerna of NSPCL Rourkela bagged Excellent Award and team Ayesha bagged Par Excellent Award on 24.12.18 in NCQC 2018.
- Team Utkarsh of NSPCL Bhilai received Par Excellence Award in NCQC 2018.

### **Our Gratitude**

Ladies and Gentleman, I, on behalf of the Board of Directors, would like to convey my deep gratitude to one and all, who have made the above achievements possible.

I am extremely thankful to our promoters NTPC and SAIL for their valuable support and guidance, our esteemed Customers namely SAIL, Chhattisgarh, DNH and DD for their trust and confidence, Financial Institutions, Banks, other Lenders and Investors who continue to provide valuable support in our growth journey and Vendors and their associates for being a part of our progress. I also express my sincere gratitude for the immense support and co-operation received from Ministry of Power, Ministry of Coal, and Ministry of Steel, Ministry of Environment and Forests, State Governments, Local State Administration and other agencies. I also would like to acknowledge the continuous support received from the Central Pollution Control Board, State Pollution Control Boards, Factory and Boiler Directorates, Central Electricity Regulatory Commission, Chhattisgarh SERC, Central Electricity Authority, Western Region Power Committee, Western Region Load Dispatch Centre. I also take this opportunity to thank Comptroller and Auditor General, Statutory Auditors and Cost Auditors of the Company for their astute observations and suggestions.

I acknowledge the passion and commitment of our employees, without whose efforts none of the achievements would have been possible. I also convey my thanks and appreciation to my esteemed colleagues on the Board for their unstinted support.

The path forward for NSPCL is challenging. I am confident that together, we shall overcome any challenges and continue to scale greater heights in business performance.

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Thank you for your continued support.

Date: June 24, 2019

Place: New Delhi



(Saptarshi Roy)

Chairman

DIN: 03584600