

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my privilege to welcome you all to the 21st Annual General Meeting of your Company. I am delighted to share with you the performance of your company and present the 21st Annual Report of the company for the year 2019-20.

The outbreak of COVID- 19 pandemic and the subsequent lockdowns have severely affected the economies across the world. It has completely jeopardized everyone's life and the normal operation of business. Governments in various countries are adopting significant actions to save their people and the business entities from this unparalleled situation. As such difficult times, to safeguard the people, business and all the stakeholders, preemptive actions were undertaken in the country which includes provision for essential service. Your Company is also provider of essential services.

The importance of Electricity has further increased during this period as it is critical in providing emergency services, medical and use of lifesaving equipments. Your Company has taken several measures to keep the generators on bar to meet the grid demand while complying with the required protocols as specified by the Government and the situation was reviewed on a daily basis. Your Company has also taken proactive measures to prioritize the health of its employees, associates and their families and surroundings.

Highlights

In FY 2019-20, our existing Power Plants have shown outstanding performance throughout the year. CPP-IIs at Bhilai, Durgapur and Rourkela with a combined capacity of 314 MW, have operated at an availability factor of 92.90% and generated 2419.42 MU in 2019-20. Bhilai PP-III (2x250 MW) had generated 2745.98 MU, with a DC of 94.19%. The Generation was low mainly due to the newly introduced regulation Security Constrained Economic Dispatch (SCED). The reduction in Generation due to SCED was 599.59 MU. NSPCL's total Generation was 5165.40 MU in 2019-20 compared to 5886.88 MU in 2018-19.

During the same time, remarkable progress was achieved on the front of under construction Projects – Durgapur PP-III and Rourkela PP-II Expansion Projects. With commissioning of these Projects targeted in this year, we shall see NSPCL's capacity zooming past the present capacity of 814 MW to 1104 MW with a percentage increase of about 36%. Works for the project are in full swing and the Units are targeted to be commissioned in 2020-21.

Your Company in 2019-20 received 1.15 MMT of Coal under FSA from SECL, which is around 47.97% of ACQ. About 1.07 MMT was arranged by your company through other sources including e-Auction. Even though the realization of Coal through FSA was very low, yet your Company could maintain a Declared Capacity (DC) of 94.19% by arranging coal from other sources.

Captive power units of PP-II Durgapur and Rourkela power had achieved lowest ever Specific raw water consumption of 3.365 cum/ MWhr & 3.441 cum/ MWhr respectively in 2019-20.

Financial Performance

Your company recorded a total income of Rs. 2891.46 Crs. during 2019-20 against Rs. 2739.21 Crs. in 2018-19. The Profit After Tax (PAT) for the year 2019-20 was

Rs. 368.96 Crs. against Rs. 362.33 Crs. in 2018-19 registering an increase of 1.83%. Excellent operational performance by various power plants of NSPCL has made this possible.

A total dividend of Rs. 100 Crs. was paid to the promoters in 2019-20. Over the years, your Company has paid Rs. 1150 Crs. to the promoters by way of dividends till date and this is about 117% of paid up capital of the Company. In addition, a final dividend of Rs. 40 Crs. will be paid after approval in Annual General Meeting.

NSPCL's track record of 100% realisation of energy bills was also maintained in 2019-20. Your company has received contribution on Reserves Regulation Ancillary Services (RRAS) of Rs. 8.16 Cr. during the year.

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, SOx & NOx 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 SOx, NOx, Flue Gas Desulphurisation (FGD) system and DeNOx 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. Further initiatives are being taken so that most of the Activities are paperless.

Lot of initiatives were taken regarding Ash Utilization. In NSPCL Rourkela Ash Utilization increased to 153.78% mainly due to entering into a MOU with NHAI. Ash Utilization for the FY 19-20 for NSPCL was 113.98%.

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 Contracts and Finance. This shall help in digitalisation of back office, stream line process and improve productivity.

Corporate Social Responsibility

Your Company achieved CSR expenditure of Rs. 7.69 Crs. in 2019-20. 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 stake-holders. 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

Maintaining high standards of transparency and integrity has been the keystone of your company's Corporate governance policy. Various policies such as "NSPCL Safety Policy", "NSPCL Ash Utilisation Policy", "NSPCL Environment Policy", Enterprise Risk Management System, Banning of business dealings, e-waste management, handling and disposal, IT security policy etc. are already in place in your company. Your company has also adopted Whistle Blower Policy for reporting the instances of unethical/improper conduct. In line with CVC guideline, high value contracts are being monitored by Independent External Monitor. Further as a listed (Bond) company, NSPCL has been complying with the requirements of Corporate Governance under regulations of SEBI.

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 2019-20:-

- ✓ NSPCL, Bhilai has been felicitated with the Apex India Excellence Platinum Award in CSR category for its efforts in generating livelihood through its skill development training programme. Shri Shripad Yesso Naik, Hon'ble Union Minister, Govt. of India presented the award on 24.09.2019 in Goa.
- ✓ NSPCL, Bhilai has been awarded with SHRESHTHA SurakshaPuraskar- (Silver Trophy) at the NSCI Safety Awards-2019 (Manufacturing Sector).
- ✓ Mr. Tapas Ranjan Dash Mohini, Dy. Manager (Safety), NSPCL, Bhilai has been felicitated SURAKSHA SHREE Award (Golden Trophy & Certificate) under the category of Emerging Safety Officer at the NSCI Award for Safety Officer-2019.
- ✓ Team from NSPCL, Durgapur comprising of Shri Parimal Sinha, Sr. Manager (HR), Shri Kumar Gaurav, Sr. Manager (Operation) and Shri Ravi Kumar, Manager (C&I) has been adjudged "The Best New Promising Team Award" at the Quest for Excellence-2019. Q4E is an annual event organized by Power HR Forum in which teams from all its member organizations participate. This year's theme for Q4E was "HR Future ready for Artificial Intelligence".
- ✓ NSPCL Durgapur received outstanding performance in CSR award by state government for its CSR contribution in Durgapur on 26.01.2020 by SDM Durgapur.
- ✓ Teams from NSPCL Rourkela had won Gold medal award in the 27th Chapter Convention on Quality Concepts Organized by QCFI, Rourkela Chapter on 21-22 Sept'19.

Acknowledgements

Ladies and Gentleman, I on behalf of the Board of Directors would like to express my sincere appreciation and gratitude to everyone who have helped in making all the above possible.

I am extremely thankful to our Promoters (NTPC and SAIL) for their consistent support and guidance. I would like to thank Ministry of Power, Ministry of Coal, Ministry of Steel, Ministry of Environment and Forests and other stakeholders for their continued support. My sincere thanks to State Governments, Local State Administration, Police Department and other agencies for their uninterrupted support to the Company. I thank Central Pollution Control Board, State Pollution Control Boards, Factory and Boiler Directorates for their constant support to the Company.

I express my deepest regards to Central Electricity Regulatory Commission, Central Electricity Authority, Western Region Power Committee, Western Region Load Dispatch Centre and Eastern Region Power Committee for their valuable role and to Comptroller and Auditor General and Statutory Auditors of the Company for their astute observations and suggestions.

I am highly grateful to Financial Institutions, Banks and other Lenders and Investors who continue to be very valuable stakeholders in our journey for their trust, cooperation and continued support. I am extremely thankful to our esteemed Customers for their trust and confidence and being the backbone of our progress. I thank our valued Vendors and their associates for being a part of our progress and Media and Public at large around our establishments for their steady support.

My sincere thanks to Employee's Representatives for their steady support to the company's growth. I am highly grateful to our Employees – our biggest asset - without the passion and commitment of whom none of the achievements would have been possible. I am confident that our employees will rise to the occasion with full zeal, hard work and commitment to harness the opportunities for growth as well as to meet the challenges.

I thank my colleagues on the Board for their unconditional cooperation and support. We remain committed in acting as trustee to create long term value for all our stakeholders. I am confident that our Company shall overcome the forthcoming challenges and continue to scale greater heights in near future.

Once again, thank you to everyone for your support.


(Dillip Kumar Patel)
Chairman

DIN : 08695490
Date : September 15, 2020
Place : New Delhi