



CHAIRMAN'S STATEMENT **46th Annual General Meeting**



25th August, 2022

Ladies and Gentlemen,

On behalf of my fellow Board members, I am pleased to welcome you all to the 46th Annual General Meeting. As we emerge from the draining impact of the COVID pandemic, there is greater evidence that India's large scale vaccination programme has helped us to effectively combat the pandemic. I wish you all and your loved ones the best of health and urge you to get yourself and family members fully vaccinated.

We have just completed 75 glorious years of our independence. A strong, vibrant, flourishing and confident India is emerging; ready to take its place among the top countries of the world. The destiny, more than ever, is in our hands. I foresee a developed India within our lifetimes. As we move on the path of prosperity and as the living standards of our people increases so will be the demand for energy. However, the majority of this demand will have to be met by clean and green sources of energy. The impact of human activities on environment is a global reality. To mitigate the adverse effects, worldwide the focus will be on adopting green and renewable sources of energy for meeting most of the demand. Your Company has always championed the cause of green energy and all of our power is generated from green sources only. We have been and shall continue to be at the forefront of India's energy transition to a greener future. As one of the largest hydropower generation companies in India, we are poised to have our best years ahead.

It gives me immense pleasure to share with you that your Company had yet another year of stellar all-around performance. Last two years have been challenging and it needed all our strength, ingenuity and commitment to overcome them. Our teams have worked extremely efficiently and the same has been reflected in our financial and operational performances.

Performance and Achievements:

During the financial year 2021-22, our power stations have performed remarkably well. We achieved our highest ever annual Plant Availability Factor (PAF) and our second highest annual energy generation ever. The progress at our construction projects, despite the many challenges posed by the pandemic, has also been equally good. Your company achieved its highest ever annual CAPEX of Rs.5166 crore in the FY 2021-22.

For the third consecutive year we have a new annual record profit. In FY 2021-22 we achieved our highest ever annual Profit After Tax (PAT) of Rs.3,538 crore (on standalone basis) compared to Rs.3,245 crore in FY 2020-21, a 9% jump. This has been possible due to our goal oriented approach and efficient operation of our power stations. The key highlights on operational and financial fronts are:-

- Generation of 24,855 MUs of electricity against the Design Energy of 23,540 MUs;
- NHPC power stations recorded highest ever Annual PAF of 88.19%
- Cash contribution of Rs.1,183.05 crore was made to Government of India's exchequer through dividend (final dividend for FY 2020-21 of Rs.249.44 crore and interim dividend for FY 2021-22 of Rs.933.61 crore)
- Agreement with HDFC Bank for monetization of future cash flows by way of securitization of Return on Equity (RoE) for Chamera-I Power Station (540 MW), Himachal Pradesh. The monetization deal has fetched present value of Rs.1,016.39 crore against the future cash flow of 10 years of Chamera-I Power Station;
- Further, in line with the strategic intent to ensure sustained growth, your company has:
 - ▲ Taken over the 1856 MW Sawalkot HE Project from Jammu & Kashmir State Power Development Corporation Ltd. on December 11, 2021.
 - ▲ Signed Promoters' Agreement with Green Energy Development Corporation of Odisha Ltd. (GEDCOL) for "Development of 500 MW Floating Solar Projects on different water bodies in Odisha". The proposed equity participation in the Joint Venture between NHPC and GEDCOL shall be in proportion of 74:26. On completion, this project is going to be one of the largest Floating Solar project in the world.
 - ▲ Signed Letter of Intent for "Development of 10000 MW Renewable Energy Parks/ Projects in

Rajasthan with Rajasthan Renewable Energy Corporation Limited and Rajasthan Urja Vikas Nigam Ltd.”.

- ▲ The Government of Andhra Pradesh has consented to allot seven pump storage projects with installed capacity of 6600 MW. These projects will be developed through Joint Venture between NHPC and the State Government.
- ▲ Inked Memorandum of Understanding (MoU) with NIT Durgapur for availing services of NIT Durgapur for undertaking R&D activities in the field of Science, Engineering and Technology;
- ▲ Bagged 1000 MW capacity Solar Power Project at a Viability Gap Funding (VGF) of Rs.44.90 lakh/MW under CPSU Scheme, Phase-II, Tranche-III in the e-Reverse auction conducted by Indian Renewable Energy Development Agency Limited (IREDA)

Trajectory for Growth

Sustained economic growth continues to drive electricity demand in India. With the strength of our balance sheet and our project implementation capabilities, we are confident that we will be contributing significantly to meet the rising demand. The key elements in shaping our growth trajectory are:

- Expediting construction works at our Project sites.
- Expediting the award of major contracts at the projects.
- Expediting requisite clearances/ approvals for various projects under pipeline.
- We are in constant lookout for business opportunities in neighboring countries, especially in our core expertise area of hydropower development. In this regard, NHPC Limited has signed a Memorandum of Understanding (MoU) with Investment Board Nepal, Govt. of Nepal on 18.08.2022 at Kathmandu, Nepal for development of two hydropower projects namely West Seti (750 MW) and Seti River 6 project (450 MW) in Nepal. Further discussions with Vidyut Utpadan Company Limited (VUCL) for development of 480MW Phuket Karnali Hydroelectric Project in JV mode are in advance stage. The MoU with VUCL is expected to be signed shortly.
- NHPC is also looking to venture suitably in the Green Hydrogen business.
- NHPC is having fruitful discussions with various government agencies for development of Pump Storage Projects.

Your Company is diversifying its business and making efforts to develop renewable energy projects also. Our intent is to play a significant role in the 500 GW installed capacity target from non-fossil fuel sources by 2030, as set by the Government of India. Accordingly, we have identified mega scale projects under different schemes of Ministry of New and Renewable Energy (MNRE) for expressing our interest in implementation of these projects.

Outlook- opportunities ahead

Power is one of the most critical components for the economic growth of a nation. The economic growth and power consumption are intertwined with each other. Therefore, to ensure sustained growth of the Indian economy adequate growth in power sector is essential. Besides the expected economic growth, rapid industrialization, urbanization and a burgeoning middle class shall keep the demand high for electricity in the foreseeable future.

Today the world is seeing an accelerated pace of transformation in the energy sector wherein the focus is on developing renewable resources. Our country is playing a critical role in developing this low-carbon intensity model, fuelled mainly by Solar and Wind power. The increased integration of these intermittent resources of power shall pose difficult questions as far as maintaining the grid stability is concerned. Hydropower with its unique ability to quickly ramp up the generation is a readymade solution for such scenarios. Therefore, your Company sees the large integration of Solar and Wind as an opportunity for the hydropower sector. Your Company, being the largest and efficient organization in the sector is optimistic about the business prospects and about its capabilities to leverage them for your benefit.

Value addition for Nation and Society at large

Your Company believes in contributing to sustainable development and inclusive growth while taking care of people, planet and organisational goal/growth. Creation of value for the nation, stakeholders and society at large with minimal environmental impact has always been a focal point in all operations of your Company. Our commitment towards environment and people is affirmed through our corporate vision & mission, policies and practices adopted.

It has been our endeavour that communities residing in the vicinity of our projects/ power stations and unprivileged sections of the society are empowered economically as well as socially. CSR Initiatives of the Company include activities in the field of skill development, health & sanitation, drinking water supply, women empowerment, capacity building, social infrastructure building etc. During the financial year 2021-22, your Company has spent Rs.105.29 crore towards its CSR initiatives which includes contribution of Rs.30 crore towards PM CARES Fund.

Your Company is always committed towards contribution to the economic development and better quality of life of internal as well as external stakeholders and the society at large.

Your Company is aware of its responsibilities towards the shareholders and believes in wealth creation for them through distribution of part of profit as dividend. The Board has recommended a final dividend of Rs. 0.50/- per equity share for the year 2021-22, subject to your approval at this AGM. This dividend is in addition to the interim dividend of Rs. 1.31/- per equity share paid in March, 2022. This is the 13th consecutive year that your Company will be paying dividend.

Corporate Governance

Your company has adopted best practices of Corporate Governance by ensuring compliance with all regulatory provisions applicable to the Company such as the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by Department of Public Enterprises (DPE), Govt. of India and other directives / guidelines issued by the Government of India from time to time, to the extent compliance are within ambit of the Company. Your company is committed to adhere to the highest standards of Corporate Governance by ensuring transparency, accountability, ethical corporate behaviour and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and society at large.

Recognitions and Honors

Recognition act as motivation to improve, excel and achieve further. Your company has received recognition at various forums such as:

- Gold Shield for 'Excellence in Financial Reporting' awarded by the Institute of Chartered Accountants of India (ICAI) for FY 2020-21 in the category "Infrastructure & Construction Sector-Turnover equal to or more than Rs. 500 crore" The Company also won the Certificate of Merit for the 'Best Presented Annual Report' from the South Asian Federation of Accountants (SAFA) in the Category "Public Sector Entities".
- NHPC's Rajbhasha journal 'Rajbhasha Jyoti' was awarded 'First Prize' under 'Rajbhasha Kirti Puruskar (Griha Patrika)' in Region 'A' by Ministry of Home Affairs, Govt. of India for the year 2019-20. NHPC has also been awarded Second Prize for commendable work in implementation of Rajbhasha under Rajbhasha Kirti Puruskar scheme.
- NHPC was conferred with "PSU developer of the year" Award in Gold Category by EQ International during EQ's PV Invest Tech India Conference & Awards at New Delhi.
- NHPC was declared 'Winner' in category of 'Best Implementation of Dam Rehabilitation Project' at the Water Digest Water Awards, 2021-2022.
- NHPC has been conferred with 'AEOHD Occupational Health Excellence Award – Public Sector' in recognition of its exemplary contribution in the field of Environmental & Occupational Health (ENOCH) by AEOHD (Association of Environmental & Occupational Health, Delhi).
- NHPC's 510 MW Teesta-V Power Station has been conferred with the prestigious Blue Planet Prize by International Hydropower Association (IHA), a London based non-profit membership association operating in 120 countries.

Human Capital

Human Capital is a valuable resource (asset) of any organization. Your Company has a highly talented team of committed professionals. Your Company has been able to induct, develop and retain the best talent. Organizations grow because of the continuous upgradation of knowledge and skills of its talent pool. Your Company has been providing the best of the opportunities to its human capital to improve their knowledge and skills.

The progress achieved by your Company has been made possible by the untiring efforts of its employees. I acknowledge the dedication and contribution of all employees towards the success of NHPC.

I convey my special thanks and gratitude to Government of India, Ministry of Power, State Governments, Authorities & Agencies of the Union Government and State Government, Office of C&AG, Auditors, Bankers and all other stakeholders for their continual support and goodwill. I would like to place on record my grateful appreciation to all my colleagues for their oversight, support & immense encouragement and for the collective efforts made by entire team of NHPC.

Jai Hind.

Abhay Kumar Singh
Chairman and Managing Director
DIN : 08646003