

CHAIRMAN'S SPEECH



Dear Shareholders,

I consider it as an honor to place before you the Annual Report for the Financial Year ending 31st March 2022. I am happy to present Auditor's and Directors' Report for the year 2021-22 along with Annual Audited Accounts.

With your whole-hearted support, your company is strengthening its fundamentals continuously and is emerging as one of the fast growing organization.

GROWTH OUTLOOK

The Government of India has set a target to increase its generation capacity from non-fossil resources to 40% of the total generation capacity and reduce the carbon intensity by the year 2030. The commitment regarding non-

fossil fuel capacity is proposed to be met mainly from installation of Solar and Wind power capacities. The targets is to add 175 GW of solar and wind power by the year 2022 and 450 GW by the year 2030. Integrating such large scale intermittent solar and wind power may cause problem in maintaining grid stability. Thus, hydropower can play a very useful role in complementing renewable source of power and in stabilizing/ balancing the grid. The Government has targeted to add 30,000 MW of hydropower (including about 8,700 MW from Pump Storage Projects) by the year 2030.

In line with India's Nationally Determined Contributions (NDC), we have furthered our vision for a sustainable tomorrow with our commitment for achieving Carbon Neutrality before 2050. We are increasing our efforts in this direction with our commitment to set emission reduction targets. I am delighted to state that your Company has signed MoU with RRECL (Rajasthan Renewable Energy Corporation Limited) on 15th Apr'2022 for development of 10,000 MW Ultra Mega Renewable Energy Parks in the Rajasthan state. The RE parks will be developed through a SPV in the form of a JV company between 'THDCIL' and 'RRECL'. The development of 10,000 MW Ultra Mega Renewable Energy Parks is planned to be completed within 5 years with an estimated expenditure of about 40,000 cr. On completion of this project about 17,000 Million units of electricity shall be generated.

I am glad to announce here that the Ministry of Power, GOI has allotted 02 Nos Hydro-Electric Projects (Kalai-II 1200 MW and Demwe Lower 1750 MW) in Lohit Basin of Arunachal Pradesh to THDCIL to pursue with the State Govt. for carrying suitable analysis and preparation of evaluation report. THDCIL has already initiated the process.

Further with an objective to explore future possibilities of energy generation from Renewable Sources, Energy Efficiency and Environmental Technologies an MoU has

already been signed between THDCIL and IREDA on 3rd Dec,2021 to collaborate in the field of renewable energy for a period of 5 years.

We have a good experience during the construction of Tehri Pump Storage Plant and therefore your company can play a significant role in the construction of Pumped Storage Plants. Accordingly, THDCIL is also exploring the possibility of Pumped Storage Plant in different states.

For a cleaner tomorrow, we aim to capitalise opportunities across hybrid, floating solar, hydrogen fuel projects and strengthen EV charging stations. In line with THDCIL have plan to install a pilot project for Green Hydrogen production and Hydrogen fuel cell based micro-grid at THDCIL office complex, Rishikesh, Utrakhand. Electrolyser will run in the day using solar power from 1 MW capacity Roof top solar plant and produce enough Green Hydrogen and then provide electricity through the fuel cell in the night. Experience gained from successful implementation and operation of this pilot project shall be utilized in implementing Green Hydrogen production and storage Plant at Commercial Scale.

PERFORMANCE HIGHLIGHTS IN FY 2021-22

I am glad to announce here that your Company has performed consistently and improved its robust fundamentals during the financial year 2021-22. This gives us tremendous confidence to achieve higher objectives in the future.

- With efforts of team THDCIL, your company achieved 118% of CAPEX during the financial year 2021-22, which is Rs. 3231.51 Cr. against a target of Rs. 2730 Cr.
- In its principal operating segment of energy generation, all Operational Plants performed exceptionally well. Total cumulative generation achieved from all plants was 4670.81 MU during 2021-22. which is more than previous year i.e.4565.38 MU.
- Plant Availability Factor (PAF) of 83.728 % and 68.567 % was achieved for Tehri HPP and Koteshwar HEP respectively, against the normative figures of 80% and 68% respectively.
- Forced outages during FY 2021-22 for Tehri HPP and KHEP were 0.02% and 0.01% respectively. It is evident from forced outages that reliability of plant and equipment were not compromised during Covid -19 Pandemic.
- Gross sales during the year 2021-22 is Rs.1921.49 Cr. The net Profit is Rs. 896.92 Cr. MoU rating of your company for the year 2021-22 is expected to be 'Very Good'.

- The company has successfully raised the funds through issue of Secured Corporate Bonds Series -VI of total issue size amounting to Rs. 800 Cr having a tenor of 10 years. The issue was over subscribed to about 10 times of Base issue size. The company received Bids for Rs 2969 Cr against total issue size of Rs 800 Cr which shows investor confidence in the Company.

ON GOING PROJECTS

Power is a critical input for any economic activity. Its sufficiency is a pre-requisite for speeding up India's economic growth and improving the living standards of all our citizens. Without power, we cannot empower our people in the economic dimension of their lives. It is a major determinant of the quality of life. THDCIL envisages to have installed capacity of 4351 MW by 2025.

In Tehri PSP, works in all fronts are in advance stage of commissioning. The 1st Unit is likely to be commissioned by Dec'2022.

After implementation of different measures in the interest of the project (VPHEP), the project is on track and 1st unit is likely to be commissioned by Oct'2024.

In Khurja STPP, Major Plant Packages have already been awarded and work progress is in full swing at all fronts. 1st unit is likely to be commissioned by Feb'2024.

I'm happy to convey that as per the current progress of work, THDCIL's coal fired power plant in Khurja is going to be the fastest coal fired plant ever implemented in the Country. At Amelia, Coal Mining Agreement (CMA) has been signed with MDO, M/s BCML and Consortium on 30.08.2022. Anticipated grant of opening permission of Amelia Coal Mine is sept 2022.

Your Company made significant achievements during this period and took several new initiatives for transforming THDC into a more multi-project organization. Your Company strengthened its fundamentals further and laid significant steps for spearheading energy transition to make THDC a "Sustainable Integrated Energy Company". In the past year, your Company improved its realization, established JVs for solar projects, , continued capacity addition and met capex targets.

THE ROAD AHEAD

THDCIL has entered into other power sources such as wind energy, solar energy, coal fired power and now new technologies like carbon capture and hydrogen storage.

THDCIL is in process of implementing a Pilot Project for Carbon capture at Khurja STPP (2x660MW) with a newly emerging cost-effective Carbon capture technology.

This shall help in removing majority of carbon-based emission (CO₂, Methane etc) from exhaust gases.

Flue Gas Desulphurization system is also being installed in Khurja based on Wet Lime Stone Forced Oxidation process technology to reduce the emissions of Sulphur Dioxide in flue gas produced by coal being fired in boiler to the limits well below that specified in the Environmental Clearance.

Green Energy will dominate the Indian Electricity Market for next 10 years. Shri Narendra Modi has set an ambitious target of producing a capacity of 500 GW of green energy by 2030, and THDCIL is all set to take a lead role in achieving the target. In pursuit to the goal, THDCIL has already started to develop solar plants of 2000 MW . The company has also signed the MoU for development of 10000 MW of Solar Power Park in Rajasthan. In next 3 years, THDCIL has set an ambitious target of 25000 MW green energy. THDCIL is expected to start projects of 6000 MW Hydro Power in next 2 years.

THDCIL endeavours to become the largest green power resource of the country , in public sector , which would not only have the green power generation capacity but also huge storage capacities. THDCIL acknowledges that transformation will be an immense challenge in the very competitive power sector, as it is one of the biggest challenge to stay afloat while transition in green energy dominated era, from an era where we were dominated mostly by coal fired or jet-fired power plants. Further, retaining outside talent is also one of the challenge in the power sector.

SYSTEMS FOR SOCIAL SUSTAINABILITY

Your Company continued extensive activities towards Corporate Social Responsibility (CSR) in Company's operational areas through company sponsored society 'SEWA-THDC'. THDCIL's operational area is quite large and mandatory CSR fund of the company is not adequate to address even the basic necessary requirements of the stakeholders. To overcome the situation, your company entered into the partnership projects with various State / Central Govt. Deptts. / agencies and successfully mobilized additional funds amounting to more than 2.35 Cr. available in agriculture, horticulture, watershed development, rural development, health and irrigation fields etc. for overall and sustainable improvement in the lives of the targeted communities.

Your company, also took a pioneering step in mitigating the challenges of climate change due to excessive carbon emission by fossil fuel dependent vehicles, by establishing Uttarakhand's first public Electric Vehicle Charging Stations at Dist. Haridwar. In continuation to above intent of protecting the environment & plant earth, induction stove and cookware were distributed to villagers of local area to discourage the dependency on forest fuel for cooking need.

THDCIL also strongly stood by with the Central Govt. in fighting against the COVID-19 pandemic & other welfare initiatives. Your company has made a contribution of Rs. 4.05 Cr. in PM Care Fund from the CSR Budget of 2021-22. In addition, THDCIL's staff actively participated in protection & relief operations in Rishikesh & nearby localities of Projects by distribution of food material, sanitizers, masks, pulse oximeter, digital thermometer, etc.

Despite COVID-19 pandemic, your company has moved ahead smoothly to achieve its goal. The second wave of the pandemic had a significant impact on lives, livelihoods, and the businesses. The coronavirus pandemic has challenged the entire humanity. To contain the spread of the virus and keeping in view the safety, health and wellbeing of our employees, their families, and other stakeholders as our first priority, we have ensured all precautions/ remedial measures and arranged vaccination also for employees and their families. We have also extended help to State Govts. by way of strengthening their healthcare infrastructure and providing essential medical equipment. Even when many employees were affected by the virus, your company has ensured 24X7 power supply to meet the power requirement of the country.

In such a difficult time, the commitment of employees and cooperation of the stakeholders has helped in ensuring the growth of the company.

THDCIL gives the highest priority to the safety and health of customers, business partners, and other related parties, as well as employees and their families. Having taken adequate measures to prevent the spread of the infection, such as thorough enforcement of remote work, and securing social distance in generation, construction and service related departments, we will continue business that are necessary for fulfilling our responsibilities to society as a Corporation in order to maintain people's lives, provide a stable supply of electricity, provide services, and support our customers.

In addition to above, THDCIL also stood with the Uttarakhand State Govt. in rehabilitation and reconstruction activities of the infrastructure destroyed during the unprecedented rainfall experienced in different part of the State during the month of Oct'2021 by contributing CSR funds to the Uttarakhand State Disaster & Management Authority.

CORPORATE GOVERNANCE PRACTICES

Your Company's philosophy on Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Your Company is committed to highest corporate governance standards by applying the best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management. The Company's Corporate Governance structure ensures timely implementations of plans and adequate

disclosures as well as fair dealings with stakeholders' interests thereby ensuring highest standards of business ethics and integrity.

Your Company's Board of Directors comprises of an optimum combination of professionals with expertise, diversity and Independence. Your Board guided by the mission statement, continuously endeavors to improve and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of company. The Company and its Board of Directors firmly believe that strong governance is primary to creating value on a sustainable basis. Good corporate governance practices have enabled the Company to have better access to external finance, lower interest rates, improved performance and compliance of laws and regulations.

THDCIL has been complying with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines issued by Department of Public Enterprises, GoI and all other applicable provisions of Companies Act, 2013. I am delighted to share with you that your Company has been continuously achieving "Excellent" rating for compliance with 'DPE Guidelines on Corporate Governance'.

The Company is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Accordingly, the Board has established a vigil mechanism by adopting a 'Whistle Blower Policy' for stakeholders including Employees and Directors and their representatives to freely communicate their concerns about illegal or unethical practices.

To redress the grievances of Investors, your company uses web based centralized grievance redressal system of SEBI, SCORES. I am glad to share with you that your Company has not received any investor grievances during the financial year.

COMMITMENT TO SELF-RELIANCE – AATMANIRBHAR BHARAT

Government of India (GoI) has come up with Aatma Nirbhar Bharat Abhiyan with the vision to promote local economy. Under this Abhiyan, an emphasis has been given with the vision to replace the import content with the products made in India to promote employment and manufacturing in India. The various PSUs along with other Govt. Departments which are implementing various infrastructure development activities within the country are the major consumers of the various high value products and thus can play an important role in fulfillment of the objective in association with the private sector/ upcoming MSMEs.

THDCIL, is making all efforts in alignment with Government's initiatives for increasing procurement from Local Suppliers viz., providing relaxation to MSEs in procurement,

procurement of mandatory items specified by the Ministry exclusively from MSEs only, compliance of Public Procurement (Preference to Make in India) Policy of GoI etc.

BROADENING HORIZONS: THDCIL OF TOMORROW

As the economy has gathered pace, the electricity demand is expected to grow this financial year. The under-construction projects that suffered the delay in commissioning, I am sure that dedicated and experienced employee force of our Company would put in their best efforts to achieve the above feet.

Your company is fully concentrated to take more Hydro Projects in the Uttarakhand as well as in other hydro rich states of the country. The renewable energy projects are also on the prime agenda for Sustainable economic growth of the company.

Green Hydrogen is expected to be the future of energy and the momentum for “Green Hydrogen” is gaining traction across the globe. Your Company believes that Green Hydrogen is going to occupy significant energy space in future. Accordingly, your Company is also planning to start Research and development for Hydrogen production.

We have adopted robust Environmental, Social and Governance practices and remain fully committed to the environment and society. We continue to foster the creation of an ecologically sensitive, value based and empowered society through our purposeful CSR engagements and initiatives. Your Management's highest priority would be to execute the projects in hand with special focus on projects under construction within the planned schedule.

As a part of plan for accomplishing our cherished vision of achieving more than 4300 MW installed capacity by 2025 and 6000 MW by 2030, the Management has formulated aggressive strategies which include both organic as well as inorganic modes for growth.

The Status of Operational Plants and other ongoing Projects has been amply covered in the Directors' Report and hence, I would only like to mention that in addition to the Operational Plants having combined installed capacity of 1587 MW, the other projects namely Tehri PSP, VPHEP in Uttarakhand, Khurja STPP in Uttar Pradesh; totalling up to 2764 MW of capacity are under advanced stages of construction.

ENDORSEMENT

On behalf of the Board of Directors of THDC India Limited, I would like to convey my gratitude to all our stakeholders, business partners, customers, NTPC, CERC, CEA, CWC, DPE, SEBI, BSE, NSE, State Governments and various Ministries of Govt. of

India, especially Ministry of Power for providing valuable guidance and support in our endeavors.

My special thanks and appreciation for the valuable contribution and suggestions of the members of the Board and the Senior Management team, in improving the performance of the Company. I would like to specially acknowledge the efforts and dedication of the entire THDC team for making the company a reckoning force in the Power Sector.

I also thank you for your continued trust, confidence and support.

With best wishes,

(Rajeev Kumar Vishnoi)
Chairman & Managing Director

DIN: 08534217

BOARD OF DIRECTORS OF THDC INDIA LIMITED ON 34TH AGM OF THDC INDIA LIMITED.



SHAREHOLDERS, DIRECTORS AND AUDITORS OF THDC INDIA LIMITED on 34TH AGM OF THDC INDIA LIMITED.

