

Directors' Report

To
The Members
SEMBCORP ENERGY INDIA LIMITED

Your Directors take pleasure in presenting the Thirteenth Annual Report together with Audited Financial Statements of your Company for the year ended March 31, 2021.

Financial Results

(₹ in Millions)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	73,674	71,105	87,559	84,634
Other Income	4,108	3,538	4,630	5,034
Total Revenue	77,782	74,643	92,189	89,668
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	29,576	23,045	40,832	35,503
Less: Depreciation/ Amortisation/ Impairment	7,458	7,469	12,487	12,016
Profit /loss before Finance Costs, Exceptional items and Tax Expense	22,118	15,576	28,345	23,487
Less: Finance Costs	13,398	14,389	19,970	20,413
Profit /loss before Exceptional items and Tax Expense	8,720	1,187	8,375	3,074
Add/(less): Exceptional items	-	-	-	-
Profit /loss before Tax Expense	8,720	1,187	8,375	3,074
Less: Tax Expense (Current & Deferred)	-	-	(62)	(776)
Profit /loss for the year (1)	8,720	1,187	8,437	3,082
Other Comprehensive Income/loss (2)	555	327	553	324
Total Comprehensive Income/loss (1+2)	9,275	1,514	8,990	3,406
Less: Transfer to Reserves	Nil	Nil	Nil	Nil
Less: Dividend paid on Equity Shares	Nil	Nil	Nil	Nil
Less: Dividend Distribution Tax	Nil	Nil	Nil	Nil

Financial Performance and the State of the Company's Affairs

Standalone

On Standalone basis, total revenue of the Company during the Financial year 2020-21 increased by 4.2% to ₹ 77,782 million against ₹ 74,643 million in the previous year. The Standalone Profit after Tax for the Financial year 2020-21 increased by 634% to ₹ 8,720 million against ₹ 1,187 million in the previous year. The profitability has increased mainly due to receipt of additional revenue under Change in Law.

Consolidated

On a Consolidated basis, total revenue of the Company during the Financial Year 2020-21 increased by 2.8% to ₹ 92,189 million from ₹ 89,668 million in the previous year. The Consolidated Profit after Tax for the Financial Year 2020-21 increased by 173% to ₹ 8,437 million from ₹ 3,082 million in the previous year.

Our Business

Your Company is a leading independent power producer ("IPP") in India, led by a strong management team with extensive experience and a successful track record of developing and

operating power generation assets across the thermal and renewable power sectors in India.

Your Company has a well-balanced and diversified portfolio of power assets, which together provide cash flow stability, growth and potential profitability upside. As of March 31, 2021, your Company's portfolio comprises of:

- Two fully-operational thermal power assets with four 0.66 GW supercritical coal-fired units, having a total power generation capacity of 2.64 GW, located in the state of Andhra Pradesh, India;
- Thirty-five wind energy assets with a total power generation capacity of approximately 1695 MW, located across seven states in India; and
- Four solar power assets including 400 MW under construction and 35 MW in generation, located in the states of Rajasthan and Gujarat, India.

Your Company sells power generated from its operational assets under a combination of long-term, medium term and short-term power purchase agreements ("PPAs") to Central Government agencies, state-owned distribution companies ("DISCOMs"), private customers, as well as on the spot market.

The Company did not change its nature of business during the financial year 2020-21.

Dividend

With a view to conserve resources for future business operations of the Company, your Directors do not recommend any dividend for the financial year 2020-21.

Change in Capital Structure of the Company

The issued, subscribed and paid-up equity share capital of the Company is ₹ 54,336.69 Million divided into 5,433,668,574 equity shares of ₹ 10/- each. There were no changes in the Capital structure of the Company during the financial year 2020-21.

Transfer to Reserves

During the financial year under review, no amount has been transferred to any reserves of the Company.

Subsidiaries / Joint Ventures/ Associates

Holding Company

The Company is a Wholly Owned subsidiary of Sembcorp Utilities Pte. Ltd ('SCU'), Singapore.

Subsidiaries / Joint Ventures/ Associates

As on March 31, 2021, the Company had 28 subsidiaries out of which 20 are wholly owned subsidiaries. Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a statement containing salient features of the Financial Statements, highlights of performance of subsidiaries is attached as **Annexure – 4** to the Directors' Report of the Company in Form AOC -1. The details regarding contribution of subsidiaries to the overall performance of the Company during the Financial year have been included in Consolidated Financial statements of the Company for the Financial year 2020-21. During the year, no company ceased to be a subsidiary nor a new company became a subsidiary of the Company.

Your Company do not have investment in any Associate / Joint Venture Company as on March 31, 2021.

Your Company had complied with all applicable provisions under the Companies Act, 2013 and Foreign Exchange Management Act ("FEMA") 1999 and rules made thereunder in relation to investments received by the Company. The Company is in process of obtaining a certificate from Statutory Auditor in relation with Downstream Investment as prescribed under Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as applicable from time to time.

Internal Financial Controls

The Company's Internal Financial controls with reference to Financial Statements designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with applicable accounting principles. The company's Internal

Financial controls with reference to Financial Statements include those policies and procedures that:

- i. pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. provide reasonable assurance that, transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made in accordance with authorisations of management and Directors of the Company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the Financial Statements.

Audit Committee periodically reviews the adequacy of Internal Financial controls. During the year, such controls were tested and no reportable material weaknesses were observed.

Contracts or Arrangements with Related Parties

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is appended in Form AOC-2 as **Annexure -2** to this Report.

Auditors and Auditors' Report

Statutory Auditors

M/s BSR & Associates LLP, Chartered Accountants (ICAI Registration No. 116231W/W-100024) were re-appointed as the Statutory Auditors of the Company to hold office for five consecutive years starting from the conclusion of the Eighth Annual General Meeting (AGM) held on September 30, 2016 until the conclusion of the thirteenth AGM of the Company to be held during the current year 2021. Accordingly, the existing Statutory Auditors are due for retirement at the ensuing Annual General Meeting.

Subject to the approval of the members of the Company, the Audit Committee and the Board of Directors during their respective meetings held on May 24, 2021 have considered and recommended the appointment of M/s Price Waterhouse Chartered Accountants LLP (Firm Registration Number: 012754N/N500016) as the Statutory Auditors of the Company, to hold office from the conclusion of the thirteenth Annual General Meeting until the conclusion of the eighteenth Annual General Meeting of the Company to be held in year 2026.

M/s Price Waterhouse Chartered Accountants LLP (Firm Registration Number: 012754N/N500016) have given their consent for the proposed appointment as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting of the members of the Company. They have further confirmed that the said appointment, if made, would

be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for appointment.

The Auditor's Reports on the Standalone and the Consolidated Financial Statements for the financial year ended March 31, 2021 does not contain any qualification, reservation or adverse remark requiring any explanations / comments by the Board of Directors.

Cost Auditor

M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad were appointed as the Cost Auditor of your Company for Financial year 2020-21 in accordance with the requirement of Central Government and provisions of Section 148 of the Companies Act, 2013.

The Company has duly maintained Cost Records required under Section 148 (1) of the Act, in compliance with the cost auditing standards in accordance with the Companies (Cost Records and Audit) Rules, 2014.

An audit of Cost Records and Statements maintained by the Company will be conducted by M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad. The Cost Auditor's report on Cost Records and Statements will be submitted to the statutory authorities in the prescribed form on or before the due date.

As recommended by the Audit Committee, your Board has re-appointed M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors of the Company for the Financial year 2021-22 and your Board seek your ratification for the remuneration proposed to be paid to the Cost Auditors.

Secretarial Auditor

The Board of Directors of the Company have appointed M/s BS & Company Company Secretaries LLP, as the Secretarial Auditor of the Company to conduct a Secretarial Audit of records and documents of the Company for the financial year 2020-21.

Secretarial Audit Report for the financial year 2020-21 dated May 06, 2021 is annexed to the Directors' Report as **Annexure- 3**. The Audit Report does not contain any qualification, reservation or adverse comments requiring reply/ explanation by the Board of Directors.

Reporting of Frauds by the Auditors

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees or otherwise under Section 143(12) of the Companies Act, 2013.

Directors and Key Management Personnel

Directors retire by rotation

Mr. Wong Kim Yin retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief details of the Directors proposed to be re-

appointed are provided in the Annexure, attached to the Notice of the Annual General Meeting.

Changes in the Directors

During the year, Mr. Neil Garry McGregor resigned from the Board of the Company with effect from June 30, 2020. The Board expresses its appreciation for Mr. Neil Garry McGregor for the valuable guidance and services rendered by him during his tenure as Chairman and Director of the Company and for smooth conduct of the Board Meetings.

Mr. Wong Kim Yin has been appointed as a Director and Chairman of the Board of your Company with effect from August 11, 2020.

Mr. Bobby Kanubhai Parikh resigned as Director of the Company with effect from September 01, 2020. The Board expresses its appreciation for Mr. Parikh for valuable guidance and services rendered by him during his tenure as Director of the Company.

Mr. Eugene Chee Mun Zheng Zhiwen Cheng has been appointed as an Additional Director on the Board of your Company with effect from May 01, 2021. The Company has received a request from the Shareholder of the Company proposing his candidature for appointment as Director retireable by rotation at the ensuing Annual General Meeting. Your Board of Directors recommend for his appointment as a regular Director in the upcoming Annual General Meeting.

Independent Directors

In terms of Section 149 of the Act, Mr. Radhey Shyam Sharma, Ms. Sangeeta Talwar and Mr. Kalaikuruchi Jairaj are the Independent Directors of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. During the year, no new Independent Director was appointed on the Board of the Company.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for attending meetings of the Company.

Key Managerial Personnel (KMP)

The following personnel have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- Mr. Vipul Tuli, Managing Director
- Mr. Juvenil Ashwinkumar Jani, Chief Financial Officer
- Mr. Narendra Ande, Company Secretary

Policy on Directors' Appointment and Remuneration

In terms of the provisions of Section 178(3) of the Act, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualification, positive

attributes and independence of a Director. The Nomination and Remuneration Committee is also responsible for recommending to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. In line with this requirement, the Committee reviews and if deemed fit, recommends the appointments/ remunerations of the Board Members, Key Managerial Personnel and senior managerial personnel of the company from time to time.

The Board has adopted the Policy on Nomination, Remuneration and Board Diversity. The policy has been disclosed on the website of the Company as per the link given <http://sembcorpenergyindia.com/AboutUs/CodeEthics>

Particulars of Loans, Guarantees, Investments and Securities

The Company, being an infrastructure company, is exempt from the provisions as applicable to loans, guarantees and investments under Section 186 of the Act. However, the Company has not extended any loans or guarantees in favour of any subsidiary Company. The details of investments have been provided in the notes to the Financial Statements.

Public Deposits

During the year, the Company has not accepted any deposits from the public as defined under the Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules), 2014.

Board and its Committees

Board Meetings

During the financial year ended March 31, 2021, 6 (six) meetings of the Board of Directors were held on April 03, 2020, June 01, 2020, August 11, 2020, November 09, 2020, November 13, 2020 and February 15, 2021.

Committees:

Audit Committee

The Audit Committee of the Company consists of four Directors with Mr. R. S. Sharma, Chairman and Mr. K. Jairaj, Ms. Sangeeta Talwar and Ms. Looi Lee Hwa as its other members. Majority of the Members of the Committee are Independent Directors and possess accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee. Details of the meeting held during the year are given in the Corporate Governance report.

All the recommendations of the Audit Committee were accepted by the Board during the financial year ended March 31, 2021.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company consists of three Directors with Ms. Sangeeta Talwar, Chairman, Mr. R. S. Sharma and Mr. K. Jairaj as its other members. Details of NRC meeting held during the year are given in the Corporate Governance report.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company consists of four Directors with Ms. Sangeeta Talwar, Chairman, Mr. R. S. Sharma, Mr. Vipul Tuli and Mr. K. Jairaj as its other members. Details of the meeting held during the year are given in the Corporate Governance report.

Annual Evaluation of Board Performance and performance of its committees and individual directors

The Annual Performance Evaluation of the Board, Board Committees and Individual Directors for the financial year 2020-21 has been carried out by third party Independent consultant, through online survey mechanism pursuant to the provisions of the Companies Act, 2013 and the report has been submitted to Chairperson of Nomination and Remuneration Committee (NRC). The Chairperson of the NRC updated the NRC members on the evaluation report during their meeting held on March 10, 2021 and also provided an update to the Board Chairman.

Directors Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 and to the best of their knowledge and information provided, your Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

Secretarial Standards (SS)

During the financial year, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively.

Safety, Occupational Health and Environment

At your Company the Health, Safety & Well-being of our employees, subcontractors and all related personnel is paramount. We have made Health, Safety & Environment

as core values of our Company. We have implemented high standards of safety measures to ensure healthy and safe working conditions for all the employees, contractors, visitors, and customers at our plant. HSE policy has been updated in line with ISO 45001:2018.

Your Company believes that it is critical to protect the health and safety of everyone involved in its operations and to carry out operations in environmentally sustainable manner. To strengthen our safety culture, we ensure that all hazards and risks are identified, and control measures implemented to reduce risks to as low as reasonably practicable, investigate all near misses & first aid learning events and implement corrective & preventive actions. We sincerely endeavour to continually improve our work practices. As a part of our continuous effort to build a safe workplace, we have implemented the BBS programme at our plants and plan to include psychological safety and human performance principles to further strengthen our Safety Culture.

We are focused to keep our employees and associates safe through our proactive HSE initiatives and interventions.

During the year 2020-21 following Occupational Health & Safety initiatives were implemented:

- Monthly Safety Theme being propagated through Daily Mailers, HSE Video Quiz and Toolbox Talk for greater awareness amongst Employees and Associates.
- Monthly Safety Video Quiz launched for better understanding of combination of causes which lead to disasters and share learnings from them. This has significant impact on employee's awareness and helps in reinforcement of Safety System.
- Skip Level Safety Townhalls being conducted with Employees and Associates by Senior Managements to enhance psychological safety and action points are implemented.
- Various safety competitions and safety awareness training Programmes being also conducted for Township housewife's, SHE Ambassadors and children.
- Training of Departmental Safety Champions Completed. 22 Safety Champions from P-1 and 18 Safety Champions from P-2 will work closely with Safety Team to further improve Safety Systems.
- Trade wise Safety Training & Assessment being conducted for Grinder, Welder, Gas Cutter, Rigger and Electricians by joint Assessment Team of Mechanical, Electrical and Safety.
- Department wise internal & Technical Audits being conducted. All audit findings are communicated to concerned department for closure as per timeline.
- SEIL was certified for IMS (9001:2015; 14001:2015 & 45001:2018).
- SEIL was awarded 4 Green Triangles after 3 levels of evaluation at National Safety Council [NSC] with 91% score.
- Half yearly Mock Drills were conducted to continually strengthen the Onsite Emergency Response Plan.
- Monthly Fire Mock Drills are being conducted.
- BBS performance significantly improved. Safety Index increased to 93%.
- Informal discussion with Contractors, Associates & Front-line Engineers initiated to understand and resolve Safety concerns & expectation.
- Online Session for Employees on "Effect of COVID and Long Social Isolation" and "Situational Awareness and Mindfulness" were conducted by Psychologist.
- Mandatory Safety Training for Employees and Associates is being being done.
- Road Safety Month 2021 Campaign being organised from 18th January 2021 to 17th February 2021. Awareness Campaigns, Trainings are being organised at Plants & Township.
- SEIL Received "Behaviour Based Safety (BBS) Corporate Recognition Award" for the 3rd consecutive years (2018-2020). The corporate Award was given in a virtual event organised by the Forum of Behavioural Safety, India.
- Illumination Survey, Noise Survey, Fire Safety Audit, TG Floor Stability and H2 HAZOP study was conducted by AP Director of Factories Authorised Competent Person.
- Process Safety Gap Assessment Audit conducted by External Agency.
- First Aid Training conducted for AMC workers by Apollo Specialist Doctors. Total 114 AMC workers trained.
- SEIL has organised various safety promotional activities like Slogan Competition, Poster Competition, safety suggestion and Safety Quiz competitions on the occasion of 50th National Safety Day / Week -2021 from 4th March to 10th March 2021. The theme "Learn from Disaster and Prepare for a Safer Future" was propagated through Daily Mailers and Video Quiz on Learnings from various Industrial Disasters. AMC contractors also distributed prizes for winner Associates for safe working.
- COVID Protocol was strengthened at both the plants and the township.
- Management Safety Walkdowns are being conducted with Line Managers and HODs. All findings are communicated to concerned department for closure with target dates.
- A Yearly Calendar is prepared for HSE departmental activities and inspections to ensure tracking.
- All Tools & Tackles being tested and certified by AP Director of Factories Authorised Competent Person.

Our Company recognises that excellence in Health, Safety and Environment is an ongoing journey and remain committed to

implementing best practices, complying with the national and international HSE standards.

Environment and Sustainability – Thermal

Your Company's management processes, including its commitment to the environment and sustainability, reflect the robust governance practices of the Sembcorp Group. Our Company's operations are guided by the Group's principles for impactful outcomes, which include shared responsibility, continual improvement, openness, accountability, and statutory compliance.

Your Company's thermal power assets located on the east coast of southern India at Nellore are designed for environmental sustainability. These assets are based on supercritical power generation technology, which makes them operate at lower emission levels compared to subcritical power plants. The Company uses sea water, which eliminates the need to use precious ground water. Moreover, 100% of the Company's coal is transported through coastal and trans-ocean shipping, and last-mile connectivity through the two closed-pipe coal conveyor belt systems. This assures safety, backup, reliability of coal logistics and environmental compliance. The assets are actively monitored for emissions as per the guidelines set by the MoEF & CC, CPCB, & APPCB.

Your Company completed the statutory requirement of developing a dense green belt in and around its area of operations. More than 1,27,000 saplings have been planted. The *Conocarpus Erectus* and *Casurina* plant selections are based on eco-suitability and sustainability with environmental merits.

The Company has adopted scientific methods like establishment of Dust Extraction, Dry Fog Dust Suppression, Dust Suppression, & Stockpile Dust Suppression & Application of Bio-Pesticides for Greenbelt Development. Peripheral Planting along the inside of the compound wall has been taken-up with 3 tiers of plantations and developed 405 acres at SEIL P1 and 340 acres at SEIL P2 afforestation. We have conducted Environment Mock Drill on Chemical Spillage & Response and have taken proactive steps in streamlining Waste Management.

Your company was re-certified for ISO 14001-2018 applicable for standards in implementing the Environmental Management System.

Governance

Corporate Governance Report

Corporate Governance is the application of best management practices, continued compliances of law and adherence to the highest ethical standards to achieve the objectives of the Company of enhancing stakeholder's value and its own image. A good Corporate Governance framework incorporates a

system of robust checks and balances between Key players, namely the Board, the Management, Auditors and Stakeholders.

Your Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. Your Company strongly believes that sound, robust and unambiguous system of Corporate Governance practices go a long way in retaining investor trust and preserving the interest of all existing as well as prospective Stakeholders. Further, your Company's corporate structure, business, operations, and disclosure practices are aligned to the global practices.

Your Company is committed to conduct its business fairly, ethically in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. The objective of the Company is, not only to meet the statutory requirements of the Code of Corporate Governance, but to develop such systems and follow such practices and procedures as would make the management completely transparent and accountable in its interaction with employees, shareholders, lending institutions and customers, thereby enhancing the stakeholders value and protecting the interest of stakeholders

A detailed Corporate Governance Report is attached to this report separately as **Annexure 5**.

Whistle-Blower Policy

The Whistle-Blower Policy provides a reliable avenue for persons to report any wrongdoings including suspected violation of the Company's Code of Business Conduct or any applicable law or policy without fear of reprisals when whistleblowing in good faith and ensures that arrangements are in place to facilitate independent investigation of the reported concern and for appropriate follow up actions to be taken.

The effective implementation of this Whistle-Blower Policy is overseen by the Audit Committee. The Audit Committee is assisted by the Investigation Owner(s), the Whistle-Blower Committee and Internal Audit when investigating a reported issue and taking follow up action.

The Whistle-Blower Policy applies to all persons, including Employees (i.e. the Board of Directors, officers, full-time/ part-time/ permanent/ contract employees) working for your Company and is available on the website of the company at <https://sembcorpenergyindia.com/AboutUs/CodeEthics>

Prevention of sexual harassment of women at the workplace

Your Company is an equal employment opportunity Company and is committed to creating a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company, have the right to be treated with dignity. Sexual harassment at the work place or other than

work place is a grave offence and is, therefore, punishable. The Company has implemented a policy to ensure that no employee is subjected to sexual harassment at the workplace in accordance with the applicable laws.

The Company has constituted an Internal Complaints Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was filed before the said Committee.

Risk Management

Managing Risk is an integral part of our business activity. The Company's board and management are fully committed to maintaining sound risk management systems to safeguard Company and shareholders' interests. The board and senior management of the Company set the tone at the top for proactive and transparent identification and management of risks. They encourage both business managers and risk managers to bring out risks inherent to any business activity. The risk management philosophy of the Company is that, risk or the possibility of realising outcomes worse than desired, is inherent in our business and that taking risk that is well balanced with opportunity is something to be encouraged, but there are limits to the risk that we are willing to take for sustainable results.

Risk Management Framework

The Company has implemented a comprehensive enterprise risk management framework where key risks are identified and deliberated by management with the support of the risk management function and reported regularly to the Audit Committee of the Board. Robust mechanisms and systems have been put in place to identify and manage the inherent risks in our business and strategy, and to monitor the Company's exposure to key risks that could impact the overall strategy and sustainability of the business. The purpose is to identify risks in time which have the potential effect on the Company's business or corporate standing or growth and manage them by calibrated action.

The Company has implemented an Integrated Assurance Framework (IAF) to put greater emphasis on the three lines of defence model while managing risk. Under the IAF structure, the three lines of defence work together to ensure that key strategic, financial, operational, compliance and information technology risks are reviewed and tested using a robust assurance process.

Under the Integrated Assurance Framework, Risk and Control Register have been developed to document identification, analysis and management of risks. The Risk and Control Register documents the risks, risk drivers, controls, mitigation, likelihood, consequence and risk rating, and identify the key risks of the Company. The key risks, along with mitigation measures, are presented to the Audit Committee of the Board for their review.

The risk management framework is supported by various supporting policies and procedures like Risk Management

Policy, Code of Conduct, Business Continuity Plan, Crisis Management Framework etc., that provides detailed guidelines for management of the major risks. A comprehensive Risk Management Policy is in place to manage exposure to market risks like imported coal price and foreign exchange rate volatility. Adherence to policies is regularly monitored and any breach is timely notified to the higher management for taking appropriate measures.

Risk Management Governance Structure

The Board has overall responsibility for the governance of the Company's risk management. The Board approves the company's risk policies, and oversees management in the design, implementation and monitoring of risk management systems. It also has the authority to approve any deviation to risk management policies or any breach of risk limits.

The Audit Committee (AC) assists the Board in overseeing risk management for the Company. AC reviews and endorses the Company's policies, guidelines and systems to govern the process for assessing and managing risk. AC also review risk-related reports submitted to it by management. These include updates on the Company's key risks, emerging threats, reports on compliance with risk policies and any other risk-related issues as well as actions taken to monitor and manage such risk exposure / issues.

The Company has a Risk department led by the Chief Risk Officer (CRO) to assist the Audit Committee and management in risk management function. Business and functional managers are responsible for managing risks in their area of operation/function as the first line of defence. Towards this end, business/functional managers are identified as risk owners for the identified risks.

Business Continuity Management amid COVID-19 Flu Pandemic

The Company has activated India Business Continuity Management Team (India BCMT) as per Business Continuity Policy and Crisis Management Framework to manage the impact of ongoing COVID-19 flu pandemic. Different measures are in place to safeguard health and safety of employees, maintain operation of assets and other business activities, avoid financial distress/default and secure best possible financial outcome in the given circumstance.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-Government organisations, local communities, environment and society at large.

The Corporate Social Responsibility Committee had formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities, which was subsequently adopted by it and is being implemented by the Company. The CSR Policy including a brief overview of the projects or programmes proposed to be undertaken can be accessed at the Company's website at <https://sembcorpenergyindia.com/AboutUs/CodeEthics>. The updated CSR policy of the Company is under modification in pursuance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and other statutory modifications.

The Annual Report on CSR activities in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as **Annexure - 6** to this Report.

Human Resources

Your Company fully recognise that having a competent, highly motivated, and performance-led workforce is key to ensuring the success of our business. Our people play a vital role in ensuring sustainability of our business by delivering on our transformation strategy and goals. We recognise that Human Resources play a pivotal role in enabling smooth implementation of key strategic decisions through Employee development, Employee engagement, Compensation & benefits and Employee wellness.

Your Company is committed to equip people with the capabilities and know-how to achieve their fullest potential, while enabling them to remain agile in an evolving operating landscape. Talent strategy is supported by the Talent review and succession planning framework, Lead, Appraise and Develop (LeAD) performance management system. As the organization structure changes, efforts to induct / develop key skills to ensure productivity & to promote effectiveness in achieving business goals continues to be our focus. Your Company continues to focus on succession planning with measures initiated to have strong talent & leadership pipeline across all levels and bringing on board new expertise in areas targeted for accelerated development. In addition, focussed efforts have been put in place for Leadership Development, Mentoring of young talent, Digitalization & Analytics capability for monitoring Asset Performance and Behavioural Based Safety.

We have in place a competitive remuneration and reward system based on the key principles of equity & meritocracy linked to Business Performance. Our salary levels are reviewed regularly and benchmarked against local markets / competitors, as well as data from global market surveys and consultancy firms. Annual variable bonuses for all employees are based on business and individual performances.

Various engagement initiatives involving employees and families were rolled out. We strengthened our existing employee communication channels through structured dialogues, Town Hall meetings, video conferencing, newsletters and email

circulars from our Leadership Team. Several initiatives were also undertaken to ensure that care and support is given to employees through policies which help improve quality of life for employees. A global employee engagement survey was conducted in November 2020. Employee participation rates in the engagement survey improved significantly from 81.4% in 2019 to 87% in 2020, while the employee engagement dimension scored above global industry benchmarks with significant improvement over 2019 score.

The Company recognises the impact of wellness on our employees' overall effectiveness. We adopt a holistic approach to workplace wellness encompassing the physical, social and psychological well-being of our employees. Our workplace wellness plans are supported by a dedicated budget for activities that encourage employee well-being and team bonding, Employee & family-led committees that organise a range of sports & recreational events and wellness activities. Mandatory medical screenings are organised for employees whose work may include occupational health hazards and voluntary free annual health screenings to all employees.

Several initiatives were also undertaken to ensure that care and support is given to employees through processes put in, to address operational continuity while ensuring safety and health of employees amidst the COVID-19 pandemic situation. A range of workshops and training programmes focused on nutrition, stress management, resilience, change management, collaboration & team building were held to build employee capability and to support employees' physical & mental wellbeing. The Company provided 24x7 support to manage treatment, quarantine / isolation, hospitalisation and psychological well-being of employees & families affected by COVID-19 infection. We launched global pulse surveys in April and June 2020 and conducted structured Town Hall meetings to better understand how employees were coping amid the pandemic. Findings and concerns highlighted in the first survey were followed up on. The results were reflected in improved scores from the second pulse survey, including better employee well-being, and improved commitment towards the operational & business continuity challenges and enhanced digital support given to help employees adapt to the changing work pattern / environment.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information on the conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is attached as **Annexure - 1** to this Report.

Secretarial and other Matters

Annual return

The Annual Return for the financial year 2020-21, pursuant to Section 92(3) of the Companies Act, 2013 will be made available on the website of the Company at www.sembcorpenergyindia.com

Transfer of unclaimed dividend to Investor Education and Protection Fund

The Company has not declared dividend in any previous financial years, accordingly there is no unclaimed/ unpaid dividend. So, there are no amounts transferred to IEPF during the year.

Shifting of Registered Office

Pursuant to the order passed by the Regional Director, South East Region, Hyderabad, Telangana, the Registered office of the Company have been shifted from "6-3-1090, A-5, TSR Towers, Rajbhavan Road, Somajiguda, Hyderabad-500082, Telangana" to 5th Floor, Tower C, Building No. 8, DLF Cybercity, Gurugram - 122002, Haryana with effect from June 01, 2021.

Regulatory and Legal Matters

The business of the Company is primarily governed by the Electricity Act, 2003 (EA, 2003) and associated regulations.

The Company has not received any regulatory orders during the reporting period which has an impact the "Going Concern" status of your Company and operations in the future.

Material Changes and Commitment

There are no significant material changes or commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of the report.

Proceedings under Insolvency and Bankruptcy Code 2016

No application was made nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the year.

Details of one time settlement with the Banks

The Company has not made any one time settlement with any Banks or Financial Institutions.

Acknowledgement

Your Directors place on record their deep sense of appreciation for continuous support from Company's employees, customers, vendors, investors and lenders. Your Directors also wish to place on record their deep sense of appreciation to the government of various countries, government of India, the governments of various states in India and concerned government departments / agencies for their co-operation.

For and on behalf of the Board

Wong Kim Yin

Chairman
(DIN: 08806258)

Vipul Tuli

Managing Director
(DIN: 07350892)

Date: June 28, 2021

Place: Gurugram