

Generating Power ... for the Generations



Annual Report
2010-11

Board of Directors

Raghunath Prasad Singh
Chairman & Managing Director



Ramesh Narain Misra
Director (Civil)



Amarjit Singh Bindra
Director (Finance)



Nand Lal Sharma
Director (Personnel)



Sudhir Kumar
Part time Official Director
(Govt. of India Nominee)



Deepak Sanan
Part Time Official Director
(Govt. of H.P. Nominee)



Ms. Bharti Prasad
Independent Director



Ravi Dhingra
Independent Director





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The Board of Directors - Brief Profiles



Mr. Raghunath Prasad Singh, holding additional charge of Chairman and Managing Director with effect from 1st March 2011, is Director (Electrical) in the Company since November 1, 2007. Mr. Singh, 56 years, is a graduate in electrical engineering from Regional Engineering College, Warangal. Prior to joining our Company, he was the Executive Director of North Eastern Electric Power Corporation Limited for more than 26 years and was associated with corporate planning, monitoring, design engineering etc. of transmission lines and hydro projects. Mr. Raghunath Prasad Singh has distinction in completing 100 kilometers of transmission lines in a record time of 18 months besides achieving machine availability of around 97% of Ranganandi Hydro Electric Plant (405 MW) consecutively for two years i.e. 2004-05 & 2005-06 and earned Bronze Shield for 2004-05 by the Ministry of Power, Government of India under National Award for meritorious performance.

Mr. Ramesh Narain Misra, 54 years, is on our Board as the Director (Civil) since 21st May 2010. Mr. Misra is a postgraduate in Civil Engineering as well as Business Administration. He has about 31 years of experience in power sector. Prior to joining the company, he was Executive Director in NHPC Limited having wide experience in planning, appraisal, getting clearances, monitoring, contract management, and execution of large hydro power projects including commercial aspects and policy issues related thereto. He has experience in contract management, project management and policy issues of hydro power sector. As the Director (Civil), he is in-charge Civil Design, Project Investigation and construction, DRB and Civil Contracts, Geology and Environment.

Mr. Amarjit Singh Bindra, 51 years, is on our Board as Director (Finance) since 09th December 2010. Mr. Bindra is an Honours Graduate in Commerce and a Member of the Institute of Chartered Accountants of India. He has about 28 years of experience in NHPC, THDC and DMRC. Prior to joining the Company, he was General Manager (Finance) in Delhi Metro Railway Corporation Limited. Mr Bindra has wide experience in Financial planning, appraisal, getting clearances, Budgetary monitoring, contract management including commercial aspects and policy issues.

Mr. Nand Lal Sharma, 46 years, is on our Board as Director (Personnel) with effect from 22nd March 2011. Prior to the Board level appointment, Shri Sharma was working on deputation with the Company as the Executive Director (Human Resources) since July 2008. An Ex-officer of HP Administrative Services, Shri Sharma holds a masters degree in Agriculture from Palampur Agriculture University in Himachal Pradesh and Masters in Business Administration from the University of Ljubljana, Slovenia. Prior to joining our Company, he was holding the position of Special Secretary (General Administration Department and Health) and Director Ayurveda with GoHP. As Director (Personnel), Shri Sharma is incharge of Human Resources functions including personnel and administration, Rehabilitation & Resettlement, legal, procurement, etc.

Mr. Sudhir Kumar, 55 years, has been Non Executive Director on our Board since September 29, 2009 as the nominee of Government of India. Mr. Kumar is an Indian Administrative Services officer and holds a post graduate degree in commerce from Delhi School of Economics. He has served on various state and central administrative positions in various departments including home, energy, commercial, taxation, finance, rural areas and employment, power and railways.

Mr. Deepak Sanan, 54 years, has been a Non Executive Director on our Board since April 4, 2010 as the nominee of the Government of Himachal Pradesh. Mr. Deepak Sanan is an Indian Administrative Services officer and is a post graduate in International Politics from Jawaharlal Nehru University, New Delhi. He has served on various central and state Government administrative positions in various departments/ ministries including public finance, rural development & panchayati raj, water and sanitation, public health etc. and handled a number of assignments as a consultant with the World Bank including the position of India Country Team leader.

Ms. Bharti Prasad, 61 years, is an Independent Director on our Board since March 29, 2010. She holds an M.Phil. degree from Punjab University, Chandigarh. An Indian Audit & Accounts service officer, she retired as Deputy Comptroller & Auditor General. Ms. Prasad has 38 years of experience and has held various key positions in Government of India ranging from Accountant General, Uttar Pradesh, Joint Secretary, Ministry of Finance, Principal Accountant General, West Bengal, Kolkata. She is Member of Advisory Group on Evaluation of Audit, International Civil Aviation Organisation, Montreal and International Public Sector Accounting Standard Board.

Mr. Ravi Dhingra, 62 years, is an Independent Director on our Board since March 29, 2010. He holds a master's degree in arts from Delhi University and a professional qualification in the management of public sector enterprises from the university of Manchester in the UK. A retired Indian Administrative Services officer, Mr Dhingra has 37 years of experience and has held various positions including Secretary to the GOI, Ministry of Home Affairs, Chief Secretary to the GoHP, Principal Secretary Finance to the GoHP and Chairman of the HPSEB.



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**Company Secretary
Statutory Auditors**

: PSR Murthy
: Hingorani M & Co.
Chartered Accountants
New Delhi.

Bankers

: State Bank of India
Union Bank of India
IDBI Bank
HDFC Bank
AXIS Bank
Punjab National Bank

Registered Office

: Himfed Building
New Shimla
SHIMLA - 171 009. Himachal Pradesh

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SJVN LIMITED



NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of SJVN Limited will be held on **26th August 2011, Friday, at 1600 HRS. at Hotel Peterhoff, Chaura Maidan, Shimla – 171004, Himachal Pradesh to transact the following business:**

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To declare Final Dividend for the Financial Year 2010-11.
3. To appoint a Director in place of Ms Bharti Prasad, Director, who retires by rotation and being eligible offers herself for re-appointment.

By order of Board of Directors

(P.S.R. Murthy)

Company Secretary

Regd. Office:-
Himfed Building
New Shimla – 171009

Date: 14th July 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e. latest by 11 a.m. on, the 24th August 2011. Blank proxy form is enclosed.
2. As required by Clause 49 of the Listing Agreement(s), the relevant details of Ms Bharti Prasad, Director, retiring by rotation and seeking re-appointment under item no.3 of the Notice in accordance with applicable provisions of the Articles of Association of the Company are annexed. The tenure of the above Director is 3 years from the date of her appointment or until further orders from the Ministry of Power, whichever event occurs earlier.
3. Members are requested to:
 - (i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - (ii) Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - (iii) Deliver duly completed and signed Attendance Slip and hand them over at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
 - (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
 - (iv) Note that mobile phones, eatables and other belongings are not allowed inside the Auditorium.
 - (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August 2011 (Saturday) to 26th August 2011 (Friday) (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after 31st August 2011.
6. **The Board had recommended a Final Dividend @ ₹ 0.80 per share at its 204th meeting held on 30th May 2011. The dividend, if declared, at the Annual General Meeting will be paid to those Members, whose names appear on the Register of Members of the Company at the closure of business hours of 19th August 2011 (Friday).**
7. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investor Education & Protection Fund of the Central Government, After such transfer, there remains no claim of the members whatever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
8. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the company to make remittance by means of ECS. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those holding shares in physical form may obtain and send the ECS mandate form to **Link Intime India Private Limited, A-40, Naraina Industrial Area, Phase-II, New Delhi-110028** (the Registrar & Transfer Agent of the company), if not done earlier.



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9. The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Link Intime India Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants,
10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Transfer Agent along with relevant Share Certificates.
11. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday), between 11.00 AM to 5.00 PM up to one day prior to the date of AGM
12. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form (Form 2B in duplicate) of the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
13. Annual Listing fee for the year 2011-12 has been paid to the Stock Exchanges wherein shares of the Company are listed.
14. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and bank account to the Company's Registrar at the address given in Note No.8 above.
15. Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Link Intime India Private Limited in respect of their physical shares, if any, quoting their folio number.
16. **Members desirous of getting any information on any item of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.**

PROFILE OF Ms BHARTI PRASAD

Ms Bharti Prasad, 61 years, is an Independent Director on our Board since March 29, 2010. She holds an M.Phil degree from Punjab University, Chandigarh. An Indian Audit & Accounts Services Officer, she retired as Deputy Comptroller & Auditor General of India. Ms Bharti has 38 years of experience and has held various key positions in Government of India ranging from Accountant General, Uttar Pradesh, Joint Secretary, Ministry of Finance, Principal Accountant General, West Bengal, Kolkatta. Ms Bharti is a Member of Advisory Group on Evaluation of Audit, International Civil Aviation Organisation, Montreal and International Public Sector Accounting Standard Board.

M Bharti Prasad is Chairman of Investor Grievance Committee, Chairman Audit Committee of SJVN Ltd.

Ms Bharti Prasad is not holding any share in the Company either on her own or through her relatives. Ms Bharti Prasad is interested in the proposal.



Dear Members,

Your Directors are pleased to present the Twenty-Third Annual Report of the Company for the year ended March 31, 2011 along with the Audited Statement of Accounts, Report of Auditors and Comments of the Comptroller and Auditor General of India.

The following financial highlights for the year ending 31st March 2011 witnesses the performance of your company.

1. FINANCIAL HIGHLIGHTS

	(₹In crore)	
INCOME	2010-11	2009-10
Net Sales after adjustments	1812.67	1769.74
Other Income	143.15	138.99
Total Income	1955.82	1908.73
EXPENDITURE		
Generation, Admn., & Other Exp	201.83	178.10
Depreciation	444.21	433.28
Provisions & write back	(0.21)	(1.29)
Interest and Finance charges	158.37	172.93
Expenditure before prior period	804.20	783.02
Prior Period Adjustment	(4.58)	108.24
Total Expenditure	799.62	891.26
Profit Before Tax	1156.20	1017.47
Provision for Tax	244.07	44.73
Profit After Tax	912.13	972.74
Appropriations		
Interim dividend paid	nil	80.00
Proposed Dividend	330.93	248.20
Tax on dividend	53.69	54.82
Total Dividend incl Tax	384.62	383.02

2. GENERATION

During the year ending 31st March 2011, 7140.205 MUs of power was generated as compared to the previous year's generation of 7018.81 MUs. The design energy for the NJHPS is 6612 MUs. Plant availability factor was 97.996% which has since been revised by NRPC against representation of your Company to 98.318% in June 2011. The normative Capacity index was 82%. As a result of efficient planning, systematic operation and maintenance management, the company earned an incentive of ₹216.02 crore. The annual machines maintenance time has been brought down to 8.43 days against 10 days last year.

3. DIVIDEND

The Company earned a net profit after tax of ₹912.13 crore during the year as compared to profit after tax of ₹972.74 crore. Your Directors had recommended a dividend of ₹330.93 crore as against dividend of ₹328.20 crore for the previous year. The dividend shall be paid after your approval. The declared dividend per equity share comes to ₹0.80 as against ₹0.79 during previous year.

4. PROJECTS UNDER EXECUTION

4.1 RAMPUR PROJECT (412 MW)

The Project has taken a major leap in terms of progress in all fronts since our last Report. Breakthrough blast between HRT Kajo Upstream and HRT Spill Tunnel Downstream has daylighted 7831 m of HRT in a continuous stretch. As of now, total Heading of 13668 m (90%), Benching of 7438 m (49%) and Lining of 4111 m (27%) has been done. The excavation in critical reach between Goshai upstream and Kasholi downstream, is progressing well. The HRT in all respects including

plugging of adits shall be completed by April 2013.

The construction activities are now mainly focused in Power House and its appurtenant structures and these activities are as per schedule. The Surge Shaft excavation is complete and lining is in progress with 31% completion as on date. The excavation of Pressure Shafts (03 nos) is complete and fabrication and erection of liner is in progress. Erection activity of all the 06 nos. generating units has been taken up with 50% completion of Unit I & 6. About 35% supplies of various electro-mechanical components have been received at site. The cumulative expenditure till March 2011 was ₹1127.52 crores.

5. PROJECTS UNDER SURVEY AND INVESTIGATION

5.1 ARUN-III PROJECT (900 MW)

The project is a run-off the river scheme located on Arun River in Sankhuwasabha Dist. of Eastern Nepal. Survey and Investigation work was completed in January 2011. Final DPR was submitted to CEA in March 2011. As regards Environmental clearance from the Ministry of Environment, Govt. of Nepal, SVN has submitted Scoping document and Terms of Reference to the Govt. of Nepal. Action is being taken on the observations of Govt. of Nepal. Detailed Agreement for Implementation of the project is under negotiation with the Govt. of Nepal. The award of major civil works is expected in June 2012 with a construction period of 5 years.

For evacuating power from the project, detailed survey for laying 400 KV D/C transmission line from Diding (Power House) to Dhalkebar in Nepal and upto Muzzaffarpur in India using modern techniques is in progress.

5.2 LUHRI PROJECT (775 MW)

DPR was submitted to CEA in March 2011 which is under examination by CEA for accord of TEC. EIA/EMP studies concluded in February 2011. Action in respect of Environmental clearance, Forest clearance, Acquisition of land for the project etc. has been initiated.

5.3 DHAULASIDH PROJECT (66 MW)

The DPR for 66 MW was submitted to the Government of Himachal Pradesh and the Government accorded TEC on 25th June 2011. The estimated cost of Project is ₹497.70 crores approx at November 2010 price level. On commissioning, the project shall generate 247 million units in a 90% dependable year. EIA/EMP studies for the project have been submitted to State Pollution Control Board for conducting public hearing. Action for diversion of forest land and acquisition of land for development of infrastructural facilities is in process. The construction period of the project will be 54 months.

5.4 UTTARAKHAND PROJECTS

Devsari HEP is Run of River (RoR) scheme with installed capacity of 252 MW. The RoR scheme was cleared by Govt. of Uttarakhand in Oct., 2007. The project will generate 913.43 MU of energy in a 90% dependable year. Final DPR has been submitted to CEA in June 2010. Final EIA/EMP report has been submitted to MoEF in March, 2011 and project was considered by Expert Advisory Committee (EAC) of MoEF in April, 2011 for accord of environment clearance. Notification under Section-IV of LA-Act has been issued for acquisition of private land. At present, the TEC, private land acquisition, forest land diversion, environment clearance, mining clearance etc., are in advance stage of their approval. The major civil works are likely to be awarded by Oct., 2012 with execution period of 5 years.

Naitwar Mori HEP, capacity at the time of allocation was 33 MW. After detailed survey and investigation, the project installed capacity has been revised to 60 MW with annual energy generation of 261.08 MU in a 90% dependable year. TEC for 60 MW has been accorded by Govt.



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of Uttarakhand in March, 2010. The estimated cost of Project is ₹449.78 crores at Feb 2009 price level. The project has been accorded wild life clearance by NBWL in April, 2011. The ToR for the revised capacity of the project were approved by the MoEF in July, 2010 and after public hearing, final EIA/EMP report has been submitted to MoEF in June, 2011 for accord of environment clearance. Notification under Section-VI & IX of LA-Act has been issued for acquisition of private land. At present, the process of land acquisition, environment clearance, forest land diversion and mining clearance are at advance stage of approval. Major Civil works are likely to be awarded by Jan./Feb., 2012 with 48 months completion period of the project.

Jakhol Sankri HEP, capacity at the time of allocation was 33 MW which, after detailed survey and investigation, has been revised to 51 MW with generation capacity of 219.99 MU in a 90% dependable year. The DPR has been submitted to Govt. of Uttarakhand in Dec., 2010 for TEC. The ToR for EIA/EMP studies for the revised capacity of the project have been approved by MoEF in Jan., 2011. At present, the process of EIA/EMP studies, private land acquisition, forest land diversion, wild life clearance from NBWL, mining clearance etc., are in progress. The TEC for the DPR is under consideration by the Govt. of Uttarakhand.

6. PROJECTS UNDER CONSULTANCY

6.1 PROJECTS IN BHUTAN

The Ministry of Power, Govt. of India, entrusted the work of preparation of DPR of Kholongchhu Hydro Electric Project (486 MW) and work of updation of Wangchhu Hydropower project (900 MW) to your Company.

Survey and Investigation for DPR in respect of Kholongchhu HEP was completed in February 2011 and Final DPR with revised installed capacity of 600 MW was submitted to CEA and Royal Government of Bhutan on 30th June 2011. EIA & EMP Studies are in progress.

As regards Wangchhu project, the scheme was revised from 900 MW storage scheme to 600 MW ROR and the revised proposal was agreed by CEA. Survey and Investigation for the revised scheme is in progress.

7. PROJECTS UNDER JOINT VENTURE

7.1 TIPAIMUKH H.E. PROJECT (1500 MW), MANIPUR

Govt. of Manipur (GOM), SJVN and NHPC limited have signed a MoU on 28.4.2010 to implement the multipurpose project, namely, the "Tipaimukh Hydro Electric (Multipurpose) Project" having an installed capacity of 1500 Megawatts to be located at Manipur-Mizoram border, downstream of the confluence of the river Barak with Tuivai, in Churachandpur District of Manipur through a Joint Venture Company among the GoM, SJVN and NHPC. The NHPC shall have the share of 69%, SJVN shall have a share of 26% and GoM shall have a share of 5% of the total share holding in the JVC. Implementation of the MoU will be monitored by a committee comprising of a representative each from Ministry of Power, Govt. of India, GoM, SJVN and NHPC.

8. CURRENT PERFORMANCE 2011-12

For the quarter ending 30th June 2011, the power generated was 2650.53 MUs (previous year: 2424.57 MU) as against the target of 2287 MUs. The total Income recorded was ₹553.57 crore as against ₹524.98 crore for the corresponding quarter of the previous year.

9. ENVIRONMENT

Towards this end, your company launched a comprehensive environment management plan of ₹35.85 crore and ₹45.52 crore in NJHEP and RHEP respectively. A sum of ₹27.96 crore and about ₹37.67 crore in NJHEP & RHEP were spent so far.

In recognition of the efforts on environmental activities, your company was in receipt of Awards for the year 2009-10 from Greentech

Foundation, New Delhi.

10. RESETTLEMENT AND REHABILITATION

SJVN, being conscious of its responsibilities towards society, is committed to execute and operate Hydro Electrical Projects in a socially responsible manner through laid down Resettlement and Rehabilitation measures for the project affected people. To ensure sustainable development, your company recognizes the fundamental rights and corporate social responsibilities that its business has towards the sustainable existence of the communities within which it operates. To fulfil these responsibilities, apart from various R&R works as per its policy, SJVN is implementing various infrastructural and community development works in NJHPS and RHEP with recurring annual budget plans of ₹1.5 crore and ₹2.5 crore respectively. Following the spirit of R&R policy and Corporate Social Responsibility SJVN spent ₹5.098 crore in NJHPS and RHEP during FY 2010-11. Your R&R, Area Development and CSR works in NJHPS and RHEP since beginning to as on date becomes ₹105.56 crore.

In addition to the above, an amount of ₹0.094 crore was released for State Institute of Engineering & Technology in Pragatinagar, Gumma, Distt. Shimla against the proposed amount of ₹15 crore during FY 2010-11. This year, your company approved financial assistance of ₹2.0 crore for adoption of two ITIs in HP. The fund is proposed to be released during FY 2011-12. The company also extended financial assistance of ₹0.5 crore to Uttarakhand government for rehabilitation of affected people due to natural calamities like heavy rains and floods etc. during FY 2010-11.

11. HUMAN RESOURCES

The total manpower (excluding deputationists) on the rolls of SJVN was 1203 as on 31st March 2011 as against 1088 as on 31st March 2010. The strength of HPSEB/HP Govt. on deputation on the above date was 677 as against 699 on 31st March 2010. The strength of SC, ST and OBC employees as on the above date was respectively 258, 67 and 134 as against 231, 60 and 116 during the previous year.

Your company gives utmost importance for the enrichment of skills and towards this in-house and external training programmes are organized in all disciplines and all levels. As a result, during the financial year 1060 employees were trained for 4030 man days.

11.1 INDUSTRIAL RELATIONS

Regular Meetings are held with the representatives of the various Associations/Unions to sort out the local issues as well as policy related matters. Recreational, Cultural and Sports functions on different occasions were also held, thus, resulting better employee-employer relations and cordial industrial relations during the year.

12. STATUTORY AND OTHER INFORMATION

The information required to be furnished as per the Companies Act 1956, Listing Agreements, Government Guidelines, and, Code of Corporate Governance of your Company, on the following matters is placed at Annexure 'A'

- Management Discussion and Analysis
- Report on Corporate Governance
- Information on Conservation of Energy, technology Absorption and Foreign exchange earnings and out go
- Information as per Companies (Particulars of Employees) Rules 1975

13. DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2011:

- the applicable accounting standards had been followed along

with proper explanation relating to material departures, if any;

- that the directors had selected such accounting policies and applied them consistently except as disclosed in the Notes on Accounts and made judgment 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;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that the directors had prepared the annual accounts on a going concern basis.

14. AUDITORS' REPORT

M/s Hingorani M & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the financial year 2010-11.

The Report of the Statutory Auditors to the Members on the Accounts for the year ended 31.03.2011 along with reply to Qualification is placed at Annexure 'B'. Comments of the C&AG of India on the Accounts for the year ended 31.03.2011 are placed at Annexure 'C'. Comments of C&AG being 'nil', the reply by the Management is not applicable.

14.1 COST AUDIT

Pursuant to the Central Government directions to audit Cost Accounting Records as maintained by the Company, your Company appointed Shri K.S.Berk, Cost Accountant, as Cost Auditor for the year 2010-11 with the approval of Ministry of Corporate Affairs for the audit. The Cost Audit Report for the year 2009-10 was filed with MCA on 22nd September 2010 as against 15th October 2010 being due date for filing.

15. BOARD OF DIRECTORS

The Directors Report for the year 2010 contained changes in the Board level positions on account of appointments and cessations up to September 2010. Subsequently, the following changes in the Board have occurred.

Pursuant to the orders of Ministry of Power, Shri R.P.Singh, Director (Electrical), has assumed the current charge of Chairman and Managing Director in addition to his duties with effect from 01st March 2011, Shri A.S.Bindra, joined as whole time Director (Finance) with effect from 09th December 2010 and Shri Nand Lal Sharma joined as whole time Director (Personnel) with effect from 22nd March 2011.

Pursuant to the orders of Ministry of Power, Shri H.K.Sharma, ceased as Chairman & Mg. Director with effect from 25th Feb 2011 on account of completion of given tenure. Also on attaining the age of superannuation, Shri R.S.Katoch ceased as Director (Personnel) with effect from 28th Feb 2011.

As regards part-time Independent Directors, on account of completion of tenure, Shri K.S.Sarma, Shri K.S.Gill and Shri S.M.Lodha ceased as

Directors of the Company.

The Board welcomes the appointments and noted the contributions made by the outgoing Directors during their tenure and placed on record its highest appreciation for their services.

16. IMPLEMENTATION OF OFFICIAL LANGUAGE

Celebration of Hindi Fortnight, quiz competitions, workshops, publication of house journal i.e. "Himshakti" and translation of manuals into Hindi from time to time are regular feature. During the year 242 employees were imparted training in usage of Hindi in day to day work. 741 employees were given prizes for winning various competitions organized on national/important occasions.

Sub-Committee of Parliamentary Committee on Official Language inspected the progress of use of Hindi at the Corporate Office, Shimla on 01st November 2010 and expressed its satisfaction over the progress made in this regard.

In recognition of its efforts, your Company was awarded with TOLIC Rajbhasha Shield (Second Prize) by Town Official Language Committee, Shimla, for the year 2009-10 and NTPC Rajbhasha Shield (Third Prize) by Ministry of Power for the year 2008-09 for the best performance in the field of Official Language implementation.

17. ACKNOWLEDGEMENT

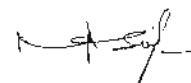
The Board of Directors acknowledge with thanks the guidance and help extended by various Ministries/Departments of the Government of India, particularly, Ministry of Power, Ministry of Finance, Ministry of External Affairs, MoEF, Central Electricity Authority, Central Water Commission, Geological Survey of India, the Government of Nepal, the Government of Bhutan, the Government of Himachal Pradesh, particularly, Deptt. of Power, Deptt. of Finance, Deptt. of Forests, Pollution Control Board, Government of Uttarakhand, State Electricity Boards, World Bank.

Your Directors also convey their gratitude to the shareholders, various international and Indian banks and financial institutions for the confidence reposed by them in the Company.

The Board also records its deep appreciation of valued cooperation extended by the Office of the Comptroller and Auditor General of India and the Auditors. Last but not least, the Board commends the hard work and dedicated efforts put in by the employees of the Corporation including the employees on deputation at all levels.

Thanking you

For and on behalf of Board of Directors



(R.P.Singh)

CHAIRMAN AND MANAGING DIRECTOR

Place: New Delhi

Date: 14th July 2011



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Annexure-A (Ref: para-12 (a))

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVER VIEW

The National Electricity Policy stipulates power for all and annual per capita consumption of electricity to rise to 1000 units by 2012. This entails provision of adequate reliable power at affordable cost with access to all citizens. The All India installed power generation capacity as on 30.05.2011 was 1,71,911.40 MW which includes 37817 MW of hydro power, the rest from the thermal and renewable energy sources. To fulfil the objectives of the National Electricity Policy, a capacity addition of 78,700 MW has been proposed for the 11th Plan (2007-2012). This capacity addition is expected to provide a growth of 9.5% to the power sector.

As regards hydro potential, India has an estimated hydro potential of about 1,50,000 MW of which only about 37367 MW (as on 31.12.2010) has been commissioned so far. The bulk of the potential yet to be developed is along the Himalayas i.e. hill states of Himachal, Uttarakhand, Arunachal Pradesh, Sikkim.

The above Industry scenario signifies that there is an ample opportunity for consistent growth in the business of power sector in the times to come.

CAPABILITY

To be a leader in the Power sector, SJVN needs to secure and execute projects not only in Hydro but also other renewable and non-renewable sources of energy. To establish the capabilities of SJVN's ability to reach to the heights, an exercise of SWOT analysis was done internally.

Briefly, the strengths are experience gained in execution of 1500 MW Nathpa Jhakri HE Project, successful O&M, managing silt, In-house Design, Project Management, remarkable financial strengths. The weaknesses are a good turnover of employees, preference of State Governments to allot power projects to private players. The opportunities are plenty and abundant as already pointed out in Industry Overview. The threats are possible project delays on account of unmanageable rock conditions, floods etc.

When the entire capability scenario is put together, the strengths and opportunities outweigh the other elements and due to this factor, SJVN can move forward, which is already evidenced from the fact that till five years ago, the SJVN was limited to one project. Today SJVN has 9 projects in Himachal, Uttarakhand, Nepal and Bhutan of different capacities and in different stages of construction/survey and investigation, the details of which are already stated in the Directors' Report.

FINANCIAL DISCUSSION AND ANALYSIS

A detailed financial discussion and analysis is furnished below on the Audited Financial Statements of the company for the fiscal 2011 vis-à-vis fiscal 2010:

A. RESULTS OF OPERATIONS

1. INCOME:

	2010-11	2009-10
Units of Electricity Sold (Million Units)	6228.040	6120.748
INCOME	₹ in Crores	
1. Sales	1812.67	1769.74
2. Consultancy works	5.34	1.15
3. Other income		
a) Interest		
- On deposits	123.67	105.60
- On advances to employees & Contractors	1.14	6.93
- From Customers	2.57	9.38
Total interest	127.38	121.91
b) Foreign currency fluctuation adjustment	4.03	1.68
c) Other	6.40	14.25
Total Income	1955.82	1908.73

The income of the Company comprises of income from sale of electricity, consultancy and interest earned on investment of surplus funds etc. The gross income for fiscal 2011 is ₹1955.82 crore which is marginally higher as compared to ₹1908.73 crore in the previous year.

Tariff

The sale of electricity by the Company is governed by the tariff fixed by the Central Electricity Regulatory Commission (CERC) pursuant to the tariff policy issued by the Govt. of India. The Central Electricity Regulatory Commission (CERC) vide notification dated 19.01.2009 has notified the Tariff Regulations, 2009 containing inter-alia the terms & conditions for determination of tariff, applicable for a period of five years with effect from 01.04.2009. Tariff is determined with reference to Annual Fixed Charges (AFC) which comprises of Return on Equity (ROE), Depreciation, Interest on Loan, Interest on Working Capital and Operation & Maintenance Expenses. Return on Equity is 15.5% on equity approved by the CERC which is to be further grossed up with reference to applicable Income Tax rate (Normal Tax Rate or MAT) so as to recover Income Tax on the equity approved for respective projects. The AFC is recoverable under two heads Capacity Charges and Energy Charges in the ratio of 50% each. Capacity Charges is depended on actual utilisation of machines for generating power. Capacity is determined with reference to the Normative Annual Plant Availability Factor (NAPAF), which is fixed at 82% for our operational project i.e. Nathpa Jhakri Hydro Power Station (NJHPS). Energy Charges are determined on the basis of Annual Design Energy after taking into account free energy to home state. Company is also entitled to receive incentives for achieving Plant Availability Factor higher than NAPAF as well as for generating energy in excess of the Design Energy. If the availability of the plant is less than 82% the capacity charges are recovered on pro-rata basis.

Sales

Company sells electricity to bulk customers comprising mainly of Electricity Utilities owned by State Governments. Sale of electricity are based on long term Power Purchase Agreements (PPA) entered with such Utilities. Pending determination of final tariff, Sales for the fiscal 2011 have been provisionally recognized on the basis of principles enumerated in the tariff regulations, on the capital cost allowed by CERC for determining tariff for the year 2008-09.

Tariff Regulation, 2009 provides that the company shall continue to provisionally bill the beneficiaries with the tariff approved by the CERC and applicable as on 31st March, 2009 till approval of tariff in accordance with these regulations. Accordingly sales for the fiscal 2011 has been provisionally recognized at ₹1812.67 crore as compared to ₹1769.74 crore during the fiscal 2010 (explained in note 7 of Notes on Accounts, Schedule -21) which is 92.68 % (previous year 92.72 %) of Gross Income.

Sales includes an amount of ₹187.37 crore (previous year ₹181.60 crore) on account of incentive billing by achieving Plant Availability Factor (PAF) of 98% (previous year 98%) as against Normative Plant Availability Factor (NPAF) of 82% (previous year 82%) and annual generation of 7140.21 million units (previous year 7018.81 million units) as against design energy of 6612 million units. The gross generation during the fiscal has increased by 1.73% over previous year. Sale includes Unscheduled Interchange (UI) Charges amounting to ₹28.65 crore (previous year ₹33.69 crore) for the deviation in generation with respect to schedule, payable (or receivable) at rates notified by CERC from time to time and reimbursement on account of Foreign Exchange Rate Variation (FERV) amounting to ₹4.63 crore (previous year ₹16.63 crore).