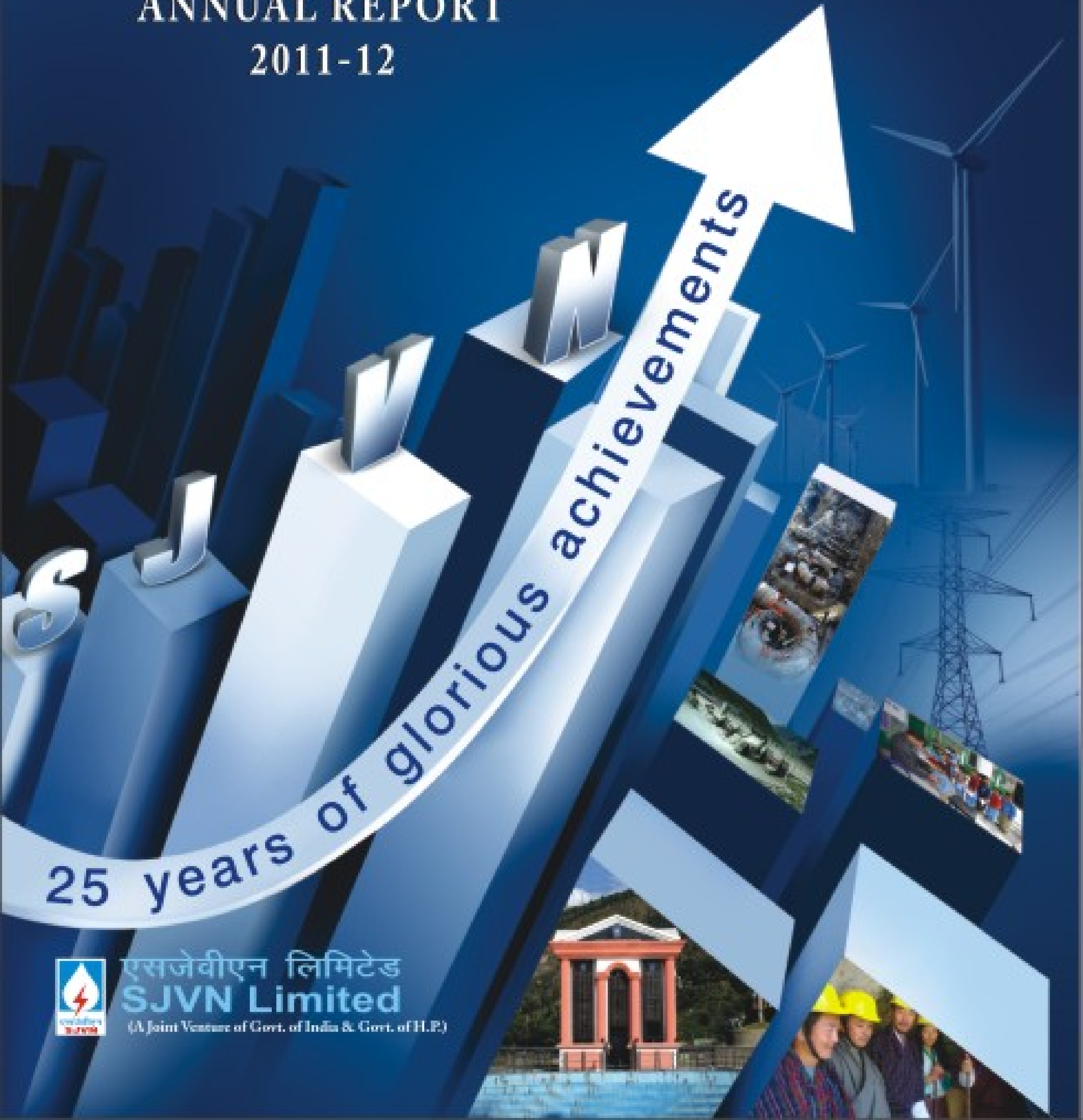
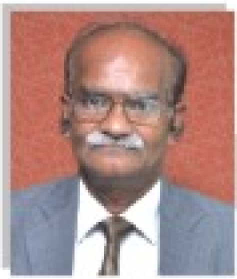
वार्षिक रिपोर्ट
ANNUAL REPORT
2011-12



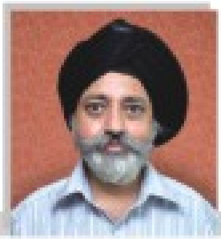
एसजेवीएन लिमिटेड
SJVN Limited
(A Joint Venture of Govt. of India & Govt. of H.P.)

BOARD OF DIRECTORS



Raghunath Prasad Singh
Chairman & Managing Director

Ramesh Narain Misra
Director (Civil)



Amarjit Singh Bindra
Director (Finance)

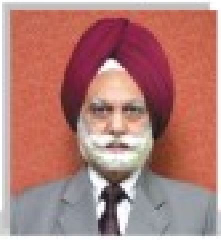
Nand Lal Sharma
Director (Personnel)

G. Sai Prasad
Nominee Director, GOI

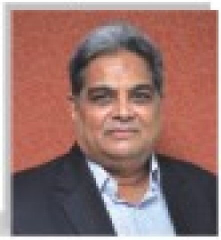
Deepak Sanan
Nominee Director, GOHP

Bharti Prasad (Ms)
Independent Director

Ravi Dhingra
Independent Director



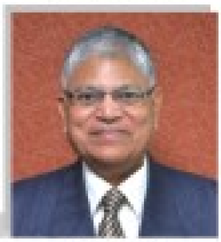
Kamaljit Singh Gill
Independent Director



S.M. Lodha
Independent Director

Asha Swarup (Ms)
Independent Director

Arun Mahajan
Independent Director



D.V. Dharnik
Independent Director

The Board of Directors - Brief Profiles

Mr. Raghunath Prasad Singh, 57 years,is on our Board as Chairman and Managing Director with effect from 31st January 2012. Earlier he was Director (Electrical) in SJVN and also held additional charge of CMD. Mr. Singh, is a graduate in electrical engineering from Regional Engineering College, Warangal. Prior to joining SJVN, he was the Executive Director in North Eastern Electric Power Corporation Limited. He has been associated with corporate planning, monitoring, design engineering etc. of transmission lines and hydro projects for more than 26 years. Mr. Singh has distinction in achieving machine availability of around 97% of Ranganandi Hydro Electric Plant (405 MW) consecutively for two years i.e. 2004-05 & 2005-06. For this remarkable achievement, the project earned Bronze Shield for 2004-05 from Ministry of Power under National Meritorious Performance Award. Mr. Singh was also awarded Gold Medal in Recognition of the Meritorious services rendered in the state of Arunachal Pradesh. He is representing the Country in the Working Group of 29 of International Electro-technical Commission- Technical Committee No. 4 which deals with particle erosion.Under his dynamic leadership, SJVNs NathpaJhakri Hydro Power Station has bagged the Gold Shield for 2010-11 from the Ministry of Power, Government of India under National Award for meritorious performance. Exploring new frontiers under his initiative, SJVN has diversified in the field of renewable energy sources by initiating to set up a Wind Energy Farm and is also exploring to take up Solar Power and Thermal Power Generation.

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 33 years of experience in power sector. Prior to joining the company, he was Executive Director in NHPC Limited. He has vide experience in planning, project appraisal, environmental issues related to hydro power projects, project monitoring, contract management, management and execution of large hydro power projects including commercial aspects and policy issues related to power sector. As the Director (Civil), he is in-charge of Project under Investigation and Construction, Civil Design, DRB & Civil Contracts, Geology and Environment wings of the company.

Mr. Amarjit Singh Bindra, 52 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 29 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, 48 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. Shri Sharma holds a masters degree in Agriculture from HP Agriculture University, Palampur in Himachal Pradesh and Masters in Business Administration (MBA) 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 & Administration, Rehabilitation & Resettlement, Legal, Procurement, Corporate Communications etc.

Mr. G. Sai Prasad, 45 years, Joint Secretary, Ministry of Power, has been appointed as Nominee Director of Government of India on our Board w.e.f. 16th December, 2011. Sh. Prasad, is a graduate from the Indian Institute of Technology, Delhi and a Postgraduate Degree Holder in International Development Policy from Duke University, USA. Sri Prasad began his career in 1991 as Assistant Collector in Warangal and later worked on many important administrative positions Andhra Pradesh including Sub-collector of Paderu, Project Director of ITDA, Municipal Commissioner, Guntur, Joint Collector, Kadapa, District Collector and Magistrate at Kurnool and Chittoor. Prior to his posting in Ministry of Power, he was also CMD of Central Power Distribution Company of AP Limited and CMD of Eastern Power Distribution Company of AP Limited.

Mr. Deepak Sanan, 55 years, Pr. Secretary (MPP & Power), Govt. of H.P., has been appointed as Nominee Director of Govt. of H.P. on our Board w.e.f. April 4,2010. 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 & 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, 62 years, is an Independent Director on our Board since March 29,2010. She holds a 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, 63 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 over 39 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.

Mr. Kamaljit Singh Gill, 65 years, is an independent Director on our Board since September 14, 2011. A graduate in Electrical Engineering from Punjab University, Mr. Kamaljit Singh Gill possesses over39 years of extensive professional experience in the power sector. He has an experience of 36 years with Punjab State Electricity Board in various capacities beginning from Assistant Engineer to the level of Engineer in Chief.

Mr. S.M. Ladha, aged 60 years, is an independent Director on our Board since September 14, 2011. A Honors Graduate in Commerce, Law and Post Graduate in Business management. He has over 38 years of cross industry experience in large Corporates and has been associated as Chief Executive Officer, advisor and board member of reputed companies. His experience spans in Corporate finance, business performance, operations governance, mergers & acquisitions etc. He is also actively associated in professional bodies like CEO Club, India China Business Forum, Indo Italian Chamber of Commerce, FICCI etc.

Mrs. Asha Swarup, 62 years, is an Independent Director on our Board since September 14, 2011. She is a post graduate from Delhi University. An officer of Indian Administrative Service, she has served on various Central and State Govt. administrative positions including, Secretary Ministry of Information and Broadcasting, Special Secy./Additional Secy. and Financial Adviser in the Ministries of Commerce and Textiles, Joint Secretary in Ministries of Human Resource Development and Rural Development, Govt. of India and as Chief Secretary, Principal Secy. in Departments of Finance, Health, Power, Home and Chairperson of HP Power Corporation, HP State Electricity Board and HP Transmission Corporation in the State of Himachal Pradesh.

Mr. Arun Mahajan, 60 years, is an Independent Director on our Board since September 14, 2011. A Gold Medalist in Civil Engineering Graduation from Punjab Engineering college Chandigarh, Shri Mahajan has 39 years of experience in planning, design, procurement, construction of buildings & hill roads. He has been actively associated in financial management of the PMGSY programme for the State of HP, Road maintenance management system, use of Plastic waste in renewal of road surfaces. His last posting was Engineer-In-Chief in PWD of HP Government..

Mr. D.V. Dharmik, 63 years, is an Independent Director on our Board since December 14, 2011. Sh. Dharmik, is a Law and Science graduate from Nagpur University. He joined Indian Revenue Service in 1971 and served on many significant positions and retired from the highest post of IRS i.e. Chief Commissioner of Income Tax. He has been well trained in Premier National and International Institutes of Public Administration, Management and Tax Administration. He also possesses wide range of experience in Corporate Tax Planning & Company Law Matters in Large Corporate Groups & PSUs and is presently Legal Advisor on Company Law, Taxation and Civil Matters in Bombay High Court.

CONTENTS

Company Secretary	:	Soumendra Das
Statutory Auditors	:	Hingorani M & Co. Chartered Accountants New Delhi
Bankers	:	State Bank of India Union Bank of India IDBI Bank Oriental Bank of Commerce AXIS Bank Punjab National Bank
Registered Office	:	Himfed Building New Shimla SHIMLA - 171009. Himachal Pradesh

NOTICE

NOTICE is hereby given that the 24thAnnual General Meeting of the Members of SJVN Limited will be held on **03rd September 2012,Monday, at1600 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, 2012 and Statement of Profit and Loss 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 2011-12.
3. To appoint a Director in place of Shri Ravi Dhingra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kamaljit Singh Gill, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S.M. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
6. To approve the enhanced remuneration of the Auditors for the financial year 2011-12 and onwards.

SPECIAL BUSINESS:

7. Alteration of Articles of Association to Incorporate Provision for Buy Back of Shares

   To consider and if thought fit pass the following as special resolution:-

   "RESOLVED THAT the Article of Association of the company be and are hereby altered by inserting the following as article 8J in the Articles of Association of the company:-

   8J. BUY-BACK OF SHARES

   Notwithstanding anything contained in these Articles, in accordance with the applicable provisions of Companies Act 1956 and SEBI (Buyback of Securities) Regulations 1998 as may be amended from time to time, the Company may Buy back its own shares as it may think necessary, subject to such limits, upon such terms & conditions, and subject to such approvals as may be prescribed/ required in terms of the provisions of the Law"

   "RESOLVED FURTHER THAT Sh. Soumendra Das, Company Secretary of the company be and is hereby authorized to do all such acts, deeds and things as may be required or deemed expedient to implement this resolution, including but not limiting to the Statutory Filings with Registrar of Companies."

By order of Board of Directors

(Soumendra Das)
Company Secretary

Regd. Office :
Himfed Building, New Shimla – 171009

Date: 23rd July 2012

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 (04:00 PM)on, the 1st September 2012. Blank proxy form is enclosed.
2. As required by Clause 49 of the Listing Agreement(s), the relevant details of Sh. Ravi Dhingra, Sh. K.S. Gill and Sh. S.M. Lodha Directors, retiring by rotation and seeking re-appointment under items no. 3, 4 & 5 of the Notice respectively in accordance with applicable provisions of the Articles of Association of the Company are annexed. The tenure of the above Directors is 3 years from the date of their appointment by Government of India or until further orders from the Ministry of Power, whichever event occurs earlier.
3. None of the Directors of the Company are anywhere related with each other.
4. 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.
   (v) Note that due to strict security reasons, 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.
5. 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.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 28th August 2012 (Tuesday) to 3rd September 2012 (Monday) (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 8th September 2012.
7. The Board had recommended a Final Dividend @ **₹0.94** per share at its 212th meeting held on 28th May 2012. 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 27th August 2012 (Monday).
8. 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.
9. 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.

10. 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.
11. 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.
12. 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.
13. 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.
14. Annual Listing fee for the year 2012-13 has been paid to the Stock Exchanges wherein shares of the Company are listed.
15. 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.9 above.
16. 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.
17. **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.**
18. Members can also access the Annual Report on Company's website **www.sjvn.nic.in**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

ITEM NO. 7

ALTERATION OF ARTICLES OF ASSOCIATION TO INCORPORATE PROVISION FOR BUY BACK OF SHARES

SJVN Limited being a Central Public Sector Undertaking (CPSU), by virtue of majority Shareholding by Government of India (65%), is required to comply with various Guidelines Issued from time to time by Government of India through Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises.

In this regard, Department of Public Enterprises, GoI vide its OM No. F.No. DPE/14(24)/2011-Fin dated 26th March 2012 has issued following guidelines regarding buy-back of shares for compliance by all listed CPSEs:-

i) If a CPSE decides to Buy-Back its own shares from the shareholders using surplus cash, Department of Disinvestment (DOD) on behalf of major shareholders may tender/offer equity on behalf of Government of India.

ii) CPSE will amend their Articles of Association to provide for Buyback of Shares, if such provisions does not exist in their Articles.

Presently, the Articles of Association of the Company do not contain any provisions for buyback of shares. Therefore, in order to comply with the aforesaid guidelines of the Government of India, it is proposed to amend the Articles of Association of the Company by inserting suitable provision for Buy-Back of shares as proposed.

As per the provisions of the Companies Act 1956 Articles of Association of a Company can be modified only through a special resolution of the Shareholder of the Company in General Meeting.

The Board of Directors have duly recommended the above amendment in the Articles of Association of SJVN Limited in its 212th Meeting held on 28th May 2012.

A copy of the existing Articles together with the proposed alteration is available for inspection at the registered office of the company during the business hours on any working day and is also available on Company's website **www.sjvn.nic.in**

None of the directors are concerned or interested in the proposed resolution.

BRIEF RESUME OF THE DIRECTORS SEEKING RE- ELECTION

Directors seeking re-election at the 24th Annual General Meeting.

Name	Shri Ravi Dhingra	Shri Kamaljit Singh Gill	Shri S.M. Lodha
Date of Birth	08th March 1949	23rd November 1945	28th July 1951
Date of Appointment	29th March 2010	14th September 2011	14th September 2011
Qualification	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, UK.	A graduate in Electrical Engineering from Punjab University	Honors Graduate in Commerce, Law and Post Graduate in Business management
Expertise in Specific Functional Area	He is a retired Indian Administrative Services officer, having 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	He has over 37 years of extensive professional experience in the power sector. He has an experience of 36 years with Punjab State Electricity Board in various capacities beginning from Assistant Engineer to the level of Engineer in Chief	He has over 38 years of cross industry experience in large Corporates and has been associated as Chief Executive Officer, advisor, and board member of reputed companies. His experience spans in Corporate finance, business performance, operations governance mergers & acquisitions etc. He is also actively associated in professional bodies like CFO Club, India China Business Forum, Indo Italian Chamber Of Commerce, FICCI etc.
Directorship held in other Companies	NIL	NIL	Presently he holds Directorship in the following Companies. 1. Essar Information Technology Limited 2. Eastern Coal Fields Limited 3. Indsur Gears Limited 4. Essar securities limited 5. Crystal Palace Properties Private Limited 6. India Trade Promotion Organisation
Membership/ Chairmanship of Committees across all the public companies (as per clause 49 C of the listing agreement)	NIL	NIL	1. Member of Audit Committee in Eastern Coal Fields Ltd
Number of Shares Held	NIL	NIL	NIL

DIRECTORS' REPORT 2012

Dear Members,

Your Directors are pleased to present the Twenty-Fourth Annual Report of the Company for the year ended March 31, 2012 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 2012 briefly capitulates the performance of your company.

1. FINANCIAL HIGHLIGHTS

(₹ in crore)

PARTICULARS	2011-12	2010-11
REVENUE		
Revenue from Operations	1927.50	1829.74
Other Income	209.29	149.42
Total Revenue	**2136.79**	**1979.16**
EXPENSES		
Employees' Benefits Expense	111.15	84.72
Finance Costs	83.65	132.82
Depreciation and Amortization Expenses	446.00	450.56
Other Expenses	137.37	154.87
Total Expenses	**778.17**	**822.97**
Profit before exceptional items and Tax	1358.62	1156.19
Exceptional items	12.73	--
Profit Before Tax	**1345.89**	**1156.19**
Tax Expenses		
- Current Tax	329.28	294.09
- Deferred Tax	(52.07)	(50.03)
Profit for the Year	**1068.68**	**912.13**
Appropriations		
Proposed Final Dividend	388.84	330.93
Tax on Final Dividend	63.08	53.69
Total Dividend Including Tax	**451.92**	**384.62**

2. GENERATION

During the year ending 31st March 2012, 7610.26 MUs of power was generated as compared to the previous year's generation of 7140.205 MUs. The design energy for the NJHPS is 6612 MUs as approved by CEA. Normative Plant Availability Factor (NAPAF) was 82% as approved by CERC and actual Plant availability factor was 104.262% against 98.318% in previous year. Annual machine maintenance time has been brought down to 6.74 days against 8.43 days of previous year. By efficient planning, operation and maintenance, company earned an incentive of ₹295.87 crore against ₹216.02 crore of previous year.

3. DIVIDEND

The Company earned a net profit after tax of ₹1068.68 crore during the year as compared to ₹912.13 crore in the previous year. Your Directors have recommended a dividend of ₹388.84 crore as against dividend of ₹330.93 crore for the previous year. The dividend shall be paid after your approval. The declared dividend per equity share comes to ₹0.94 as against ₹0.80 during the previous year.

4. PROJECTS UNDER EXECUTION

4.1 RAMPUR HYDRO ELECTRIC PROJECT (412 MW)

The construction of Rampur HEP is in full swing since we last reported. Out of total HRT of 15,177m, 15,027m of heading i.e. 99%, 11,921m of benching i.e. 79%, 8,365 m of Lining i.e. 55% have been completed. The boring of HRT from Kasholi D/s and Goshai U/s faces is in progress with a balance of length 85m. Excavation of Surge Shaft upto depth 162.5m and its lining have been completed. Fabrication of Penstock has been completed. Penstock erection is 94% and 13% complete for its underground and surface portions respectively.

The civil works of BVH, GIS and Pot Head Yard are progressing well; erection activities of EM works are in progress; the spiral case erection of the 4th unit is nearing completion and that of the remaining 2 units will commence soon. As of March 2012, the cumulative expenditure on Rampur HEP was ₹1878.71crore.

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 District of Nepal. The Survey and Investigation works were completed in January 2011 and the final DPR was submitted to CEA in March 2011.

The DPR's for both the Generation Project and Transmission Project have been submitted to CEA and are in an advanced stage of discussions for clearance. Various parallel activities like Environmental Clearance, Forest Clearance/Licenses/Statutory requirements in Nepal are in progress.

Surveys, Geological Investigation and Soil investigation for both Hydro Electric Project and Transmission Line Route have been completed.

5.2 LUHRI PROJECT (775 MW)

The DPR submitted to CEA on 22.03.2011, is under examination of TEC of the CEA. Topographical and Geographical surveys and Rock Mechanic Test for quarry sites have been completed. The total Drilling work of 7893m including 2360m for Dam site, 765m for HRT and 2765m for Power House has been completed. Similarly, Drifting work of 953m including 100m for Dam site and 528m for Power House site has been completed.

The proposals for forest and environment clearances have been submitted to MoEF, Government of India for their examination and accord of clearances.

5.3 DHAULASIDH PROJECT (66 MW)

Since our last report, the Stage-I clearance for the diversion of forest land has been accorded by MoEF on 06th March 2012. The proposal for environment clearance is under examination in MoEF, Govt. of India. The acquisition of private land and Govt. land is in process. Bidding document for the award of the Major Civil Works has been issued to pre-qualified bidders on 30th April 2012. Major Civil Works will be awarded after receiving the necessary Forest and Environment clearances.

5.4 UTTARAKHAND PROJECTS

Devsari HEP is Run of River (RoR) scheme with installed capacity of 252 MW. The project will generate 913.43 MU of energy in a 90% dependable year. The execution period of project is 5 years. DPR of the project has been examined by appraising authorities and CEA's concurrence is expected shortly. The project has also been recommended for accord of environment clearance by the Environment Appraisal Committee (EAC) of MoEF in its meeting held in December 2011. Proposal for diversion of forest land has been recommended by the State Government for approval by the MOEF. Notification under Section-IX of LA-Act has been issued for acquisition of private land. Other activities required for start of construction of the project like mining and explosive clearance etc., are in advance stage of their approval. The tendering processes for development of infrastructure works as well as for pre-qualification of bidders for major civil works have been initiated.

Naitwar Mori HEP(60 MW) - The DPR of the Project has been approved for 60MW by Govt. of Uttarakhand. The estimated cost of Project is ₹449.78 crore at February 2009 price level. Major geological investigation work for the project like Control Survey, Topographical Survey, Drilling works, Rock Mechanics test, UCS test, Plate Load test, Hydro-fracture test etc. have since been completed. The project has been recommended by the EAC of MoEF for Environment Clearance in its meeting held in December 2012. The forest proposal is under process at State Government level. The Works will be awarded after appropriate for forest and environment clearances are received. The completion period for the project is 48 months.

Jakhol Sankri HEP (51 MW) – The revised EIA/ EMP report is in final stage of preparation by the Consultant (WAPCOS). Drilling work at the Barrage and Power House sites have been completed. Drift work of 78.00m at Power House site and 178.3m at Barrage site have also been completed. The revised DPR has been submitted to the Government of Uttrakhand for TEC and process of land acquisition of Private and Forest Lands has been initiated.

5.5 ARUNACHAL PRADESH HYDRO PROJECTS

The Government of Arunachal Pradesh in January 2012 assigned to SJVN the task of carrying out survey and investigation and prepare the

Pre-Feasibility Reports (PFR) for three projects namely Ranganadi Stage-II, Kameng-I, Doimukh Projects and Si Basin in the month of Jan. 2012.

SJVN has completed the preparation of Pre-Feasibility Reports (PFRs) for 60 MW Ranganadi Stage-II, 378 MW Kameng-I and 80 MW Doimukh Projects in a record time of six months and submitted the PFRs to the Government of Arunachal Pradesh.

6. PROJECTS UNDER CONSULTANCY

6.1 PROJECTS IN BHUTAN

KHOLANGCHU H.E. PROJECT (600MW) & WANGCHU H.E. PROJECT (572MW)

Ministry of Power, Government of India entrusted the work of preparation of DPR of Kholangchu Hydroelectric Project and Wangchu Hydroelectric Project to your company.

Your company completed the required survey and investigation works of both these projects and prepared the DPR of Kholangchu Project for an installed capacity of 600 MW and that of Wangchu Project for an installed capacity of 570MW within deadlines set therefor. Both DPRs have been submitted to CEA for their techno economic appraisal.

These projects are being proposed for their implementation by a joint venture company comprising your company and Druk Green Power of Bhutan. The Joint Venture agreement is under discussion between the prospective joint venture partners.

7. PROJECTS UNDER JOINT VENTURE

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

A Joint Venture Agreement was signed among all stakeholders (i.e. NHPC, SJVN and GoM) on 28th April 2010 for implementation of Tipaimukh H.E. Project (1500 MW) in Manipur. Thereafter, the Promoters Agreement was signed among all stakeholders on 22nd October 2011. The draft Memorandum of Association and Article of Association are under discussion amongst the JV partners.

7.2 400KV D/C INDO-NEPAL CROSS-BORDER TRANSMISSION COMPANY LTD.

Your company has signed the Shareholder's Agreement (SHA) to execute 400KV D/C Transmission Line from Muzaffarpur- Nepal Connection Point for transfer of power between Nepal and India as a JV partner in Cross Border Transmission Company Ltd. along with other JV partners namely PGCIL, Nepal Electricity Authority and IL&FS on 9th July, 2012 at Kathmandu.

8. ALTERNATIVE ENERGY

After achieving success in hydro power development, your Company now intends to diversify into various alternative energy projects, namely Wind Power and Solar Energy. SJVN is venturing into the wind energy field with targeted initial capacity addition of 50 MW by June 2013 to promote and develop renewable sources of energy in the country. Tenders for establishing first Wind Power Plant of 50MW have already been invited and are under finalization.

9. CURRENT PERFORMANCE 2012-13

For the quarter ending 30thJune 2012, the power generated was 2091.515 MUs (previous year: 2650.527 MUs). The total Income recorded was ₹504.10 crore as against ₹553.57 crore for the corresponding quarter of the previous year.

10. ENVIRONMENT

Your company launched a comprehensive environment management plan of ₹35.85 crore and ₹45.52 crore in NJHPS and RHEP respectively. A sum of ₹28.49 crore and ₹41.33 crore have been spent so far in NJHPS & RHEP respectively.

True to its commitment for self regulation and environment protection, your company has established an Environment Laboratory on the standards laid down by Ministry of Environment & Forests, Govt. of India. The lab is first of its kind in the area and has the facility for conducting water and wastewater analysis, microbiological testing, ambient air quality monitoring, noise monitoring, oil and grease analysis, meteorological monitoring, soil/sludge/sediment and solid waste testing and metal analysis.

11. REHABILITATION AND RESETTLEMENT

The R&R plans of SJVN are in consonance with National R&R Policy, 2007. SJVN has implemented R&R plans in NJHPS and RHEP incurring an expenditure of ₹12.85 crore and ₹26.62 crore respectively. In NJHPS, all the 480 affected families have been duly compensated under Land Acquisition Act. Besides, 112 landless PAFs have been provided land for land, 61 PAFs have been provided employment, 55 PAFs have been provided alternative package in lieu of employment ranging from ₹ 2 to 3 Lac, 25 houseless PAFS have been provided built-up houses, 44 PAFs have been provided cash assistance in lieu of constructed house, 75 displaced shopkeepers have been provided shop plots. Further, with a view to meet continual societal needs of local communities, an Annual Recurring Community Development Plan of ₹1.5 crore has been implemented in the project affected areas covering 12 project affected panchayats which include 22 villages.

In Rampur HEP, all 142 PAFs have been duly compensated under the Land Acquisition Act. Besides, 37 PAFs have been provided R&R benefits like resettlement grant ranging from ₹45,000/- to ₹65,000/-, constructed houses to 15 houseless PAFs, cash assistance of ₹9.98 Lac in lieu of constructed house to each 3 houseless PAFs, construction grant of ₹1.8 Lac for enlargement of houses to each 10 families whose houses were acquired and left with second house, financial support of ₹18,000/- to 51 vulnerable families. As per guidelines on "Local Area Development Committee" issued by GOHP, SJVN is to provide fund of ₹30.75 crore which is 1.5% of project cost to GOHP for carrying out various infrastructural development works in project affected areas of Rampur HEP. SJVN has so far spent ₹24.08 crore on Local Area Development Works.

12. CORPORATE SOCIAL RESPONSIBILITY

Your company has formulated and adopted its Corporate Social Responsibility- Community Development Policy in November, 2011 in consonance with the CSR guidelines issued by DPE, Ministry of Heavy Industries. The works under CSR Policy are being governed through a Trust registered as "SJVN Foundation" and with a Board of Trustees. SJVN spent ₹784 lac on various CSR works in the year 2011-12 which is 0.86% of previous year's PAT. The major activities carried out under the company's CSR plan during the year 2011-12 are extending financial support of ₹600 Lac. to the Atal Bihari Vajpayee Engineering College, Pragatinagar, District Shimla providing educational and infrastructural aid to 67 schools in project affected areas for ₹33.01 Lac, organising 13 health check-up camps for children in schools, extending free consultancy and medicines to local people through 175 visits of mobile health vans, financial support to National CSR Hub TISS, Mumbai, financial support to Bharat Olympic Shimla for promotion of sport and sponsorship of 25 local students for vocational training in ITIs of HP. During the current financial year, a mobile health van has been put in place in Luhri HEP for providing free medical services to the local people and such services are already in operation in NJHPS and RHEP.

In this year 2012-13 your company plans to spend about ₹16.00 crore on various CSR schemes and activities. The major CSR schemes and activities include "SJVN Silver Jubilee Merit Scholarship Scheme" under which 140 meritorious students of 12th standard from schools affiliated to HP and Uttrakhand Education Boards, CBSE and ICSE will be provided scholarship for pursuing next higher education, adoption of villages under Model Village Scheme in project area, women and child care programme, farm support for higher yield, installation of garbage disposal system in villages, creation of community assets etc. This year which marks the Silver Jubilee of SJVN's existence, the Foundation has launched "Scheme to Reward the Meritorious Students Studying in Schools Situated in Project Affected Areas of SJVN". Under the scheme, 150 students excelling in classes 5th, 8th, 10th and 12th in schools situated in NJHPS and RHEP area will be rewarded.

13. HUMAN RESOURCES

The total manpower (excluding deputationists) on the rolls of SJVN was 1184 as on 31st March 2012 as against 1203 as on 31st March 2011. The strength of HPSEB/HP Govt. employees on deputation on the above date was 638 as against 677 on 31st March 2011. As of 31st March 2012 the employees from SC, ST and OBC was 253, 70 and 134 respectively as against 258, 67 and 134 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 1013 employees were trained for 2865 man days.

13.1 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.

14. STATUTORY AND OTHER INFORMATIONS

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"

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

15. DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors' confirm that in the preparation of the annual accounts for the year ended March 31, 2012:

- 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.

16. AUDITORS REPORT

M/s Hingorani M & Co., Chartered Accountants, New Delhi, were appointed by Comptroller & Auditor General as Statutory Auditors of the Company for the financial year 2011-12.

The Report of the Statutory Auditors to the Members on the Accounts for the year ended 31.03.2012 along with reply to Qualification is placed at Annexure "B". Comments of the C&AG of India on the Accounts for the year ended 31.03.2012 are placed at Annexure "C". Comments of C&AG being "NIL", the reply by the Management is not applicable.

16.1 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, as Cost Auditor for the year 2011-12 with the approval of Ministry of Corporate Affairs. The Cost Audit Report for the year 2010-11 was filed with MCA on 14th September 2011.

17. BOARD OF DIRECTORS

The Directors Report for the year 2011 contained changes in the Board level positions on account of appointments and cessations up to July 2011. Subsequently, the following changes in the Board have occurred.

Pursuant to the orders of Ministry of Power, Shri R.P. Singh, Director (Electrical), was appointed as Whole time Chairman and Managing Director w.e.f. 31st January 2012.

Pursuant to the orders of Ministry of Power, Shri G. Sai Prasad was appointed as Central Government Nominee Director in place of Shri Sudhir Kumar, with effect from 16th December 2011.

Shri K.S. Gill, Sh. S.M. Lodha, Smt. Asha Swarup, Shri Arun Mahajan and Shri D.V. Dharmik took up their appointment as Independent Directors on the Board of SJVN.

The Board welcomes the appointments and wishes to place on record its highest appreciation for the valuable contributions made by the outgoing Directors during their association with SJVN.

18. IMPLEMENTATION OF OFFICIAL LANGUAGE

In order to ensure the implementation of the Official language policy of the Govt. of India, all possible efforts have been made by the company to achieve the targets as specified by the Department of Official Language. Company has received awards in recognition for these efforts.

To encourage executives and non-executives to do their entire work in Hindi a number of incentive schemes are under implementation. Under these schemes 328 executives and non-executives have received prizes amounting to ₹3,98,952/- approximately.

Under the new "Rajbhasha Samman" Scheme an employee doing best work in Hindi in different Projects including Corporate Office and under the "Rajbhasha Uttkrishtta Samman" an employee doing best work in Hindi at Corporate Level will be awarded ₹25,000 and ₹35,000 respectively. This year seven employees were awarded cash prizes under the scheme.

11 Hindi workshops/seminars were organized wherein 184 executives and non-executives were trained. Organising of Hindi quiz competitions on national/important occasions is a regular feature in which 506 executives and non-executives received cash prizes aggregating to ₹5,34,900/-. Out of total expenditure on purchase of books, 92% of amount was spent in purchase of Hindi books.

Town Official language Implementation Committee, Shimla awarded the Company with the Third Prize for its efforts towards implementing the Official language policy.

19. AWARDS & ACHIEVEMENTS

The Ministry of Power instituted in the year 2004-05, a Comprehensive Award Scheme for recognizing meritorious performance in Power Sector. The NJHPS of your company was selected for the "Gold Shield" under the Scheme, by the CEA in the category of "Performance of Hydro Power Station" for the year 2010-11. The prestigious award was presented by Hon'ble Minister of Power, Shri Sushil Kumar Shinde, to Shri R.P. Singh, CMD, SJVN Limited at a function at Vigyan Bhavan, New Delhi on 22nd March, 2012.

20. ACKNOWLEDGMENT

The Board of Directors acknowledges with deep appreciation, the co-operation and guidance 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, the Departments of Power, Finance and Forests, the Pollution Control Board, Government of Uttarakhand, the State Electricity Boards and the 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 acknowledges and appreciates the contribution made by Contractors, Vendors, Consultants and others for achieving the planned goals of the Company.

The Board also places on record 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.

For and on behalf of Board of Directors

(R.P. Singh)
CHAIRMAN AND MANAGING DIRECTOR

Place: New Delhi
Date: 23rd July, 2012

Annexure-A (Ref: para-14 (a))

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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 31.03.2012 was 1,99,877.03 MW which includes 38990 MW of hydro power, the rest from the thermal and renewable energy sources. To fulfill the objectives of the National Electricity Policy, a capacity addition of 50,804.97 MW was achieved against the revised target of 62,374 MW during the 11th Plan (2007-2012). As per National Electricity Plan(Volume-1) on Generation prepared by Central Electricity Authority in January 2012, 12th Plan envisages Capacity addition of 79,690 MW out of which the Hydro share is 9,204 MW.

As regards hydro potential, India has an estimated hydro potential of about 1,50,000 MW of which only about 38990 MW (as on 31.03.2012) has been commissioned so far. The bulk of the unharnessed potential is located in the hill states of Himachal, Uttarakhand, Arunachal Pradesh and 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 need 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 weakness is 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 unmanageable rock conditions, floods etc.

When the entire capability scenario put together, the strengths and opportunities outweighs 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 2012 vis-à-vis fiscal 2011. During the year notification of Revised Schedule VI under the Companies Act, 1956 have been made applicable. Accordingly, the financial statements for the year ended 31st March 2012 are prepared as per the Revised Schedule VI. Similarly the previous year figures have also been reclassified / regrouped / rearranged wherever necessary to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

A. RESULTS OF OPERATIONS

1. INCOME :

	2011-12		2010-11	
Units of Electricity Sold (Million Units)	**6634.507**		**6228.040**	
INCOME	₹ in crore			
1. Sales		1909.79		1812.67
2. Consultancy works		17.71		17.07
3. Other income				
a) Interest				
- On deposits	193.77		123.67	
- On advances to employees & Contractors	1.89		1.14	
- From Customers	0.55		2.57	
Total interest		196.21		127.38
b) Foreign currency fluctuation adjustment		4.39		4.03
c) Other		8.69		18.01
Total Income		**2136.79**		**1979.16**

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 2012 is ₹2136.79 crore as compared to ₹1979.16 crore in the previous year registering an increase of 7.96%. The growth in gross income was mainly due to increase in Generation, Plant Availability Factor (PAF) and interest on deposits with the Banks.

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. The AFC is recoverable under the heads Capacity Charges and Energy Charges in the ratio of 50% each. Capacity Charges is dependent on actual utilisation of machines for generation of 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.

Sales

Company sells electricity to bulk customers comprising mainly of Electricity Utilities owned by State Governments. Sale of electricity is based on long term Power Purchase Agreements (PPA) entered with such Utilities. Pending determination of final tariff, Sales for the fiscal 2012 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. Accordingly sales for the fiscal 2012 has been provisionally recognized at ₹1909.79 crore (including ₹1.79 crore Prior Period Sales) as compared to ₹1812.67 crore during the fiscal 2011 (explained in Note No. 2.21 of Financial Statements).

Sales includes an amount of ₹277.43crore (previous year ₹187.37 crore) on account of incentive billing due to achievement of Plant Availability Factor (PAF) of 104.262% (previous year 98.318%) as against Normative Plant Availability Factor (NPAF) of 82% (previous year 82%) and Gross Annual Generation of 7610.26 million units (previous year 7140.205MU) as against design energy of 6612 MU. The gross generation during the fiscal has increased by 6.58% over previous year. Sale includes Unscheduled Interchange (UI) Charges amounting to ₹18.44 crore (previous year ₹28.65 crore) for the deviation in generation with respect to schedule, payable (or receivable) at rates notified by CERC from time to time.

Sales also includes an amount of ₹75.01 crore (previous year ₹64.01 crore) on account of income tax demands/refunds pursuant to appellate/ assessment orders relating to earlier years. However there is no impact on the profit after tax of the company as the same is provided as earlier year tax.

During the year, the Company has regulated the power of BRPL and BYPL and sold the power allocated to these Companies through PTC as per CERC (Regulations of Power Supply) Regulations, 2010. Accordingly, 51.160 MUs of power was sold through PTC amounting to ₹18.13 crore and is included in Energy Sales. An amount of ₹13.00 crore excess realised as compared to regulated energy charges has been adjusted as Margin from Debtors and Sales after adjusting the expenses of ₹0.94 crore on Sale through PTC.

Consultancy

Consultancy income of the company is ₹17.71 crore during current fiscal as against ₹17.07 crore during previous year which mainly comprises of income from consultancy for preparation of DPR for projects in Bhutan.