



CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Dear Shareholders,

It is with great pride and pleasure that I address you today for the first time as the Chairman of your esteemed company. I want to extend my heartfelt gratitude to each one of you for your unwavering support and trust. Your commitment and confidence have been instrumental in our journey toward sustained growth and success.

Reflecting on the past year, we have navigated numerous challenges and seized new opportunities. I am excited to share our progress, celebrate our achievements and outline our strategic vision for the future with you all.

HIGHLIGHTS OF THE YEAR 2023-24

In 2023-24, unexpected impediments tested our resilience and adaptability. However, our team's fundamental strengths, robust business model and strong values helped us stay firm on our track.

The year witnessed SJVN emerge as a formidable company in the hydro and renewable energy space. This recognition has been reinforced by the company's expanding portfolio, strong market performance and expanding shareholder base which has garnered positive attention from investors and industry experts alike.

OPERATIONAL PERFORMANCE

Financial year 2023-24 has been a challenging year for the company on the operational front. The impact of climate change is becoming visible in the form of erratic weather patterns across the globe. Heavy rains and flash floods during the peak generation period followed by sub-normal discharge during the remaining part of the year resulted in

adverse hydrological conditions for our flagship hydro projects.

However, notwithstanding the vagaries of nature, we have ensured the best Plant Availability in our operational plants which is the only factor within our control. **A total of 8489 MU of Power was generated by our operational plants which includes 8131 MU of Hydro Power, 207 MU of Solar Power and 151 MU of Wind Power.**

Our Power Stations continued to achieve new milestones and records during the year. **NJHPS and RHPS achieved highest ever daily generation of 39,570 MU and 10,971 MU respectively in July 2023. Highest ever monthly generation of 1590,072 MU recorded from all operational projects in the month of August 2023. RHPS also achieved highest ever monthly generation of 337.165 MU during August 2023.**

FINANCIAL PERFORMANCE

The standalone revenue from operations decreased by ₹401.82 crore to ₹2533.59 crore during the financial year 2023-24 compared to ₹2935.41 crore during the previous year. The standalone Profit After Tax (PAT) decreased by ₹455.05 crore to ₹908.40 crore against ₹1363.45 crore for the previous year. The decrease in revenue is primarily attributable to decrease in gross generation and decrease in the capacity charges due to lower PAF of flagship hydro projects resulting from change in regulations.

An interim dividend of ₹1.15 per share has been paid in the month of February 2024. In addition, your Board has recommended a final dividend of ₹0.65 per Share. Thus, subject to your approval, a total dividend of ₹1.80 per share is proposed to be paid for FY 2023-24.



Company's Shares have delivered all-time best market performance during the year. Trading at around ₹32.40 in April 2023, they soared to a record high of ₹170.50 by February 2024, boosting the company's market cap to ₹67,000 crore. As the stock outperformed both the broader market and its peers, this impressive 426% surge reflects SJVN's strong market presence and investor confidence in the company's future prospects.

BUSINESS EXPANSION

The Project Portfolio of SJVN & its associate Companies now stands at an All-time High with 89 Projects aggregating 56802 MW & 3 Transmission lines totaling 340 Kms.

The complete details of the Project Portfolio is provided in the Annual Report, hence I would only like to summarize for our shareholders that as on date: -

- 3 Hydro Plants of 1972 MW & 8 Renewable Plants of 405 MW and 2 Transmission lines of 123 km are Operational.
- 4 Hydro Projects of 1558 MW, 1 Thermal Project of 1320 MW, 12 Renewable Projects of 2048 MW and 1 Transmission lines of 217 km are under Construction.
- 4 Hydro Projects of 4490 MW and 14 Renewable Projects of 4677 MW are in the Pre-Construction stage.
- 13 Hydro Projects of 3791 MW, 1 Thermal Unit of 800 MW and 1 PSP Projects of 2400 MW are under Survey and Investigation.
- 19 Hydro / PSP Projects of 12242 MW and 6 Renewable Projects of 21100 MW are under allotment.

Continuing its expansion spree, SJVN has bagged 16 Renewable Projects totaling 4490 MW during FY 2023-24. Another noteworthy accomplishment is allotment of five Hydro Power Projects of 5097 MW in Arunachal Pradesh for which MOAs have been signed in August 2023.

As a part of future expansion strategy SJVN has entered into a series of MoUs with various Govt. and non-Govt. agencies in diverse areas like Renewable Energy Development, Project Financing, Power Trading, Development of Solar Parks, New Technologies, Green Energy, Technical Consultancy etc.

SJVN has grown and expanded exponentially in past couple of years. For a sustainable and balanced development, phase of consolidation is essential after phase of business expansion for stabilization, integration, operational optimization and gearing up for future growth phases. Accordingly, the top priority of the Management in the near future would be to complete the Projects at hand and at the same time to carefully plan and prepare for the next phase of growth.

PROJECT EXECUTION

The detailed status and progress of the Power Stations and Projects have been amply covered in the Directors' Report. Hence, I would like to assure our shareholders that the timely execution of projects in hand is the highest priority of your management. The progress of works of existing under-construction and pre-construction projects is going on at a satisfactory rate. The projects are rigorously monitored at all levels including top Management as well as Board level.

During the period under review, **SJVN has successfully completed and commissioned four Projects** namely 60 MW Naitwar Mori Hydro Power Station in Uttarakhand, 75 MW Gurhah Solar Power Plant located in Uttar Pradesh, 50 MW Gujrai Solar Power Station in Uttar Pradesh and 100 MW Raghnesda Solar Power Station in Gujarat.

You company also **achieved the distinction of commissioning India's 1st Multi-purpose Green Hydrogen Pilot project in April 2024.** The project is set to produce 14 kg of green hydrogen on daily basis.

During the year, Power Purchase Agreements/ Power Usage Agreements were signed for 400 MW Renewable Energy Projects with MSEDCL, 18 MW Solar Power with BBMB, 300 MW Grid Connected Wind Power Project with SECI, 1200 MW Solar projects with PSPCL, 200 MW

with GUVNL for Khavda SPP (XVII), 100 MW with GUVNL for Wind Phase-V, 320 MW with APDCL for Assam Solar Projects, 300 MW with JKPCCL, 500 MW and 100 MW Solar Power with Rajasthan Urja Vikas and IT Services Limited and for 200 MW power from Bikaner SPP with UPCL.

OTHER DEVELOPMENTS

SJVN has been selected as 4th Renewable Energy Implementing Agency (REIA) in addition to SECI, NTPC and NHPC by Govt. of India. The Company has also been appointed as **Nodal agency by MoP for implementation of Pradhan Mantri Suryodaya Yojana (Rooftop)** in Himachal Pradesh in addition to Punjab and Arunachal Pradesh.

The company has achieved the distinction of becoming the **1st power sector PSU to get Anti-Bribery Management System Certification** by Bureau of Indian Standards upon successful implementation of ISO 37001:2016 standards.

Another feather in the cap on the Human Resource Management front is achievement of **"Great Place to Work" and "India's Best Workplaces in Energy, Oil and Gas"** certifications by Great Place to Work, India.

NJHPS has been registered for Trading of International Renewable Energy Certificates (IRECs).

SJVN has been placed at No. 25 amongst Fortune India- The Next 500 mid-sized companies and has also been upgraded from Small-Cap category to Mid-Cap by Association of Mutual Funds in India.

The excellence and accomplishments of your Company and Management have been recognized and rewarded by different institutions at various forums which are detailed in the Directors Report.

CORPORATE SOCIAL RESPONSIBILITY

SJVN has always been at the forefront of its role as a responsible corporate citizen and has been pioneering Corporate Social Responsibility (CSR) activities for its stakeholders and society.

SJVN has formulated and adopted a well-perceived Corporate Social Responsibility and Sustainability Policy, which embeds the concerns of its stakeholders and strives to maintain a good standard of CSR and Sustainability in its business activities.

During financial year 2023-24, the Company has spent a total amount of ₹45.96 crores on CSR activities which is ₹11.35 crores more than the statutory obligation of ₹34.61 crores.

CORPORATE GOVERNANCE

Your company believes in the importance of developing a robust governance framework and embracing best governance practices. As a listed company, SJVN has been complying with the requirements of Corporate Governance under the SEBI LODR Regulations and also Guidelines issued by Department of Public Enterprises, Government of India.

Your Company takes pride in its **consistent record of achieving "Excellent" ratings every year ever since its listing**, for Compliance with 'DPE Guidelines on Corporate Governance' under the 'Corporate Governance Grading System' prescribed by DPE.

RISK MANAGEMENT

Your Company is the first CPSE to obtain ISO 31000:2018 certification for implementation of Risk Management System in November 2022.

We have upgraded and implemented a robust Risk Management Framework as per ISO 31000:2018 comprising of elaborate Risk Management Policy, Plans and Procedures for Risk identification, assessment, mitigation, review, reporting, preventive actions & continuous improvement, training and awareness programmes etc.

HIGHLIGHTS OF THE YEAR 2024-25

We have embarked on the new financial year with a positive note on the operational front. In the first quarter of the Financial Year 2024-25, our Power Stations have generated 3292 MU out of which, Hydro Powers Stations generated 3088 MU and Renewable Power Stations have



generated 204 MU till 30th June 2024. The Company has earned a Revenue of ₹831.73 crore and Net Profit of ₹327.15 crore during first quarter of the year.

SJVN has been assigned MoU target for achieving Generation of 13680 MU and Capex of 12000 crore for FY 2024-25. FY 2024-25 shall be especially significant as One Thermal Project of 1320 MW, ten Solar Projects totaling 2350 MW are slated for completion and commissioning during the year.

SJVN successfully completed and commissioned its maiden Floating Solar Project - 90MW Omkareshwar Floating Solar Project through its wholly owned subsidiary SJVN Green Energy Ltd. in August 2024. In the same month, the Cabinet Committee on Economic Affairs (CCEA), has approved the investment of ₹5792.36 crores (Cost to Completion) for 669 MW Lower Arun Hydro Electric Project. The Company has also received a Letter of Intent from Government of Mizoram for allotment of 2400 MW Darzo Lui Pumped Storage Project through MOU route on nomination basis.

MACRO ECONOMIC SCENARIO AND GOVERNMENT INITIATIVES

India's macroeconomic scenario showcases impressive growth among major world economies, and is poised to become the third-largest economy in the world. India's energy demand will continue to provide fuel for future economic growth and is bound to grow exponentially in coming years.

In line with the Prime Minister's announcement at COP26, Ministry of New and Renewable Energy is working towards achieving 500 GW Non-Fossil based electricity generation capacity by 2030. India stands 4th globally in Renewable Energy Installed Capacity, 4th in Wind Power capacity and 5th in Solar Power capacity.

The Government has transformed power sector from power-deficient to power-sufficient by adding nearly 2 lakh MW of generation capacity in the past 10 years. More recently, Govt. of India has turned on special focus on the development of stalled Hydro Projects in Arunachal Pradesh and other North Eastern states which translates into an excellent opportunity for Hydro CPSEs.

Govt. of India has undertaken a number of initiatives to tackle the shortage of Solar PV modules in the market including implementation of Production Linked Incentive (PLI) Scheme for National Programme on High-Efficiency Solar PV Modules, for achieving manufacturing capacity of Giga Watt (GW) scale in High Efficiency Solar PV modules. These measure would positively impact the under construction Solar Projects of the Company.

A revised Strategy for development of offshore wind energy projects has been issued in September, 2023, indicating a bidding trajectory for installation of 37 GW capacity of Off-shore Wind Energy.

About 741 MW capacity has been installed under the grid connected rooftop solar programme during January to November 2023. An additional approximately 2.77 GW capacity has been installed in all sectors with or without Central Financial Assistance during this period.

The macroeconomic environment and government policy initiatives have set forth a promising future for India's power sector. These developments present substantial business opportunities for companies operating within this sector, positioning them to benefit from the country's robust growth and energy transformation efforts.

FUTURE PROSPECTS

SJVN has set for itself ambitious capacity addition targets of 25000 MW by the year 2030 and 50000 MW by 2040. With the increasing renewable energy (Solar, Wind, Hybrid) penetration in the grid day by day, the need for balancing power in terms of Hydro also need to be enhanced considerably.

As compared to wind and solar, hydro power is of much greater value

due to several reasons including black start, regulations and frequency response, spinning reserve, non-spinning reserve and voltage reserve. Similarly, Pumped storage plants can generate power continuously for long duration, depending on the storage capacity of the reservoir. These plants have a lifetime of over 40 years, and they operate with an efficiency of 70-80 per cent. Further, as compared to the conventional thermal generator, PSP has the ability of quick start-stop as well as higher ramping capability. PSPs can cater to the seasonal mismatches in RE and load due to its bulk storage capability.

In this endeavor, SJVN since long has been making all the efforts for allotment of Hydro Power Projects / Pumped hydro Storage Projects Pan India and in neighboring countries as well.

The north-eastern states of India, collectively hold a significant portion of India's hydroelectric potential. As one of the leading hydro power CPSEs, SJVN would endeavor to acquire Hydro Projects through various modes like MoUs, competitive bidding, takeover of stressed assets, forming JVC etc.

RE-RTC (Renewable Energy-Round the Clock) is a form of supply that combine storage system such as battery energy Storage system or PSP with Solar, Wind or Hydro to meet a demand at a desired availability and cost. SJVN has ventured into all forms of Renewable Energy (RE) generation i.e. Hydro, Solar and Wind, hence it is capable for supply of RE-RTC for different consumers with their demand profile based on the market practices.

The captive power generation market in India is experiencing significant growth, with projections showing an increase by 31.05 GW from 2021 to 2026 and as such it presents an attractive avenue for the Company to expand its wings.

ACKNOWLEDGMENT

I express my heartfelt gratitude to the Ministry of Power, Government of India, for their invaluable guidance and support. I also extend my thanks to the various Ministries and Departments of the Government of India, including the Ministry of New & Renewable Energy, Ministry of Finance, Ministry of External Affairs, Ministry of Environment & Forests, Central Electricity Authority, Central Water Commission, and Geological Survey of India. Additionally, I am grateful to the State Governments of Himachal Pradesh, Rajasthan, Maharashtra, Uttar Pradesh, Odisha, Gujarat, Uttarakhand, Bihar, Punjab, Madhya Pradesh, Arunachal Pradesh, Assam, Mizoram, and Karnataka, as well as the Government of Nepal.

I also extend my appreciation to other governmental and non-governmental agencies, auditors, customers, business associates, financial institutions, bankers, employees, and investors. Your unwavering trust and support are the cornerstones of our success.

As we enter this exciting phase of our journey, filled with potential and promise, our strategic initiatives and strong foundation will enable us to capitalize on emerging opportunities and navigate any challenges ahead. With your continued support, we are confident in our ability to achieve new heights and create lasting value.

Our commitment to innovation, sustainability, and excellence remains steadfast. We are excited about the opportunities that lie ahead and confident in our ability to navigate challenges with agility and determination. Together, we will continue to create value for our stakeholders and communities, building a brighter future for all.

Thanking you all,

Yours Sincerely

(Sushil Sharma)

Chairman & Managing Director
DIN: 08776440

Date: 13th August, 2024
Place: New Delhi