



**एसजेवीएन लिमिटेड**  
**SJVN Limited**  
 (A joint venture of Govt. of India & Govt. of HP)  
 A Mini Ratna- Schedule 'A' PSU  
 CIN : L4010HP1988GOI008409

## CHAIRMAN'S SPEECH



**SJVN Empowering Every Aspect of Life...**

Speech of **Shri Ramesh Narain Misra**, Chairman & Managing Director at the **28th Annual General Meeting** held on **22<sup>nd</sup> September, 2016**

### Dear Shareholders,

It gives me immense pleasure to present the 28th Annual Report of your Company for the financial year 2015-16. I take this opportunity to share the achievements of our company with you.

The Audited Financial Statements of the Company along with the Reports of the Auditors and Directors for the year 2015-16 are presented for your approval.

### HIGHLIGHTS OF THE YEAR 2015-16

I am indeed delighted to inform our Shareholders that, all three operational projects of the company continued their excellent performance during the year. Nathpa Jhakri HPS, Rampur HPS and Khirvire Wind Power Project together generated 9346.128 MU of Power against combined MoU target of 8520 MU under excellent parameters compared to 8136.133 MU generated during the previous year. NJHPS recorded the second highest generation in a year since commissioning of the plant. The highest ever generation of 39.363 MUs in a single day was also achieved on 3rd September, 2015.

It is a matter of great pride and honor that our Hydro Power Plants are amongst one of the best managed plants of the country. Company's flagship plant NJHPS has been constantly achieving NAPAF of more than 100% for last 5 years. During FY 2015-16, the plant achieved NAPAF of 104.679% against MoU Target of 97%. Similarly, recently commissioned RHPS has achieved NAPAF of 99.592%, against MoU Target of 97%. The plant exceeded its design energy in its first year of operations itself which is a spectacular achievement by industry standards and is a testimony of ability, efficiency and unrelenting efforts our operations and maintenance teams.

For its exceptional operational, financial and organizational performance, your company has received "Excellent" MoU performance rating for the fourth year in a row.

The physical progress made by the organization has also manifested in the financial health of the company. During FY 2015-16, Revenue from operations stood at ` 2498.49 crore and Profit after Tax at ` 1408.48 crore.

During the year an interim dividend of ` 0.63 per share was paid. In addition your Board has recommended a final dividend of ` 0.47 per share. Thus, a total dividend of ` 1.10 per share ( ` 455.03 crore) is proposed to be paid for FY 2015-16 against ` 1.05 per share ( ` 434.35 crore) paid during the previous year.

Your company continues to embark on a journey of growth. A MOU was signed with Solar Energy Corporation of India (SECI) on 19.06.2015 in New Delhi to set up 500 MW grid connected solar power projects. Another MOU was signed with Saurya Urja Company of Rajasthan Limited on 03.12.2015 for allocation of land for development of 300 MW Solar Power Generation Capacity in solar park at Jodhpur and Jaisalmer in the state of Rajasthan being

developed by Saurya Urja Company of Rajasthan Limited.

Further, the work of Indian portion of Cross Border Power Transmission Line (86 kms) (CPTC) viz. Muzaffarpur - Sursand was completed and test charged on 09.09.2015. The Nepal portion of Power Transmission Line (42.229 kms) (PTCN) viz Bhitamod - Dhalkebar was completed and test charged on 17.02.2016. The Power Transmission line was declared commercial from 19.02.2016 and was dedicated to the Nation jointly by Hon'ble Prime Ministers of India and Nepal on 20.02.2016.

I am glad to inform that your company's contribution to the campaign of "Swachh Vidyalaya Abhiyan" under "Swachh Bharat Mission" has received due recognition and commendation from Ministry of Power, Government of India. On 02.11.2015, Hon'ble Union Minister of State for Power, Coal and New & Renewable Energy facilitated CMD, Director (Personnel) and other members of the team for their commendable efforts.

### HIGHLIGHTS OF THE YEAR 2016-17

During the first quarter of the Financial Year 2015-16, ended 30th June 2016, 3113.454 MUs of power has been generated out of which NJHPS generated 2423.974 MU, RHPS 670.796 MU and Khirvire Wind Power Project 18.684 MU.

As per MoU for 2016-17, signed with MoP, SJVN targets to generate 8700 MUs of power under "Excellent" parameters with target revenue realization from sale of energy at ` 2,300 crore from NJHPS, RHPS and KWPP collectively.

### MACRO ECONOMIC SCENARIO AND GOVERNMENT POLICY

Amidst lackluster global economic scenario, Indian economy continues to grow at rapid pace and has emerged as an engine of growth for the World.

The present Government has embarked upon a massive programme to provide 24x7 power across the country by 2019. On the reform and restructuring front, the Cabinet Committee on Economic Affairs (CCEA) approved comprehensive amendments to the National Tariff Policy, 2006 taking a holistic view of the power sector for the first time. Comprehensive State-specific action plans for 24x7 power to all homes are being prepared in partnership with respective states, encompassing generation, transmission and distribution. Capacity addition of 1,18,537 MW (including 88,537 MW conventional and 30,000 MW renewable) has been targeted during the 12th Plan, i.e. by 2016-17.

The amended Tariff policy comprises provisions targeted at promotion of hydro power like - Exemption from competitive bidding till 2022; Allowing distribution licencees to extend long terms PPA beyond 35 years by a further period of 15 years; Time of day tariff allowed for power generators; Exclusion of Hydro from Renewable Purchase Obligation; Allowing developers flexibility in depreciation rates etc. All

these measure are bound to benefit the company in the long run.

On the renewables front, India is running the largest renewable capacity expansion programme in the world. The government is aiming to increase share of clean energy through massive thrust in renewables. The Government has up-scaled the target of renewable energy capacity to 175 GW by the year 2022 which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro-power. Stepping up capacity target under the Jawaharlal Nehru National Solar Mission (JNNSM) by five times now India is aiming to generate reaching 1,00,000 MW solar power by 2022. The target will principally comprise of 40 GW Rooftop and 60 GW through Large and Medium Scale Grid Connected Solar Power Projects.

Other policy initiatives include, amendments to the Electricity Act and Tariff Policy for strong enforcement of Renewable Purchase Obligation (RPO) and for providing Renewable Generation Obligation (RGO); Setting up of exclusive solar parks; development of power transmission network through Green Energy Corridor project; Raising tax free solar bonds; providing long tenor loans etc.

According to the Central Electricity Authority data, the total capacity of renewable energy sector increased to 42,849.38 MW, surpassing the total capacity of hydro power sector at 42,783.42 MW for the first time on April 30, 2016. This is indicative of paradigm shift in our Country's Power policy and priorities.

The bold and far-reaching decisions and reforms undertaken by the present Government have placed the Power Sector on a trajectory of exponential growth and prosperity.

### FUTURE BUSINESS STRATEGY

Your company plans to supplement the strategy of rapid growth, expansion and diversification adopted in the recent years with a phase of consolidation and integration. We realize that over diversification and rapid expansion without successful completion and execution of projects could run the company to risk of spreading out thin and loosing focus.

Management's top priority would be to bring various Projects under survey and investigation to construction phase and to kick start other ventures acquired / initiated in the past couple of years. We firmly believe that Hydro Power development and operations remains the core competence of your company and we plan to build the future of the company on this strength. Despite all the euphoria, we have consciously adopted a cautiously optimistic approach for expansion into renewable sector.

However, company remains fully conscious of the changing business environment, global scenario, environmental concerns, National priorities and Government policies and are adapting and aligning the strategies of company on constant basis in the best interest of our stakeholders. The new financial year is all set to

usher the Company in to the arena of Solar Energy by commissioning its first 5MW Charnaka Solar Plant which will open the doors for the company to execute larger Wind & Solar Project in times to come.

The Status of ongoing Projects has been amply covered in the Directors' Report 2016 and hence, I would only like to mention that the other projects, namely, Luhri & Dhaulasidh projects in Himachal Pradesh; Devsari, Naitwar Mori & Jakhol Sankri projects in Uttarakhand; Arun-III in Nepal; Kholongchu and Wangchu projects in Bhutan; Doimukh project in Arunachal Pradesh; Buxar Thermal Power Plant in Bihar; Solar Projects in Gujrat and Rajasthan; aggregating more than 4868 MW capacity are in different stages of development.

### CORPORATE GOVERNANCE

As a listed company, your company has been complying with the requirements of Corporate Governance under the listing agreement and also Guidelines issued by Department of Public Enterprises, Government of India in this regard.

Your company has achieved "Excellent" rating for compliance with DPE Guidelines on Corporate Governance during F.Y. 2015-16 under Corporate Governance grading system prescribed by DPE for the fifth year in a row.

### ACKNOWLEDGMENT

I take this opportunity to express my sincere gratitude for the immense support and co-operation received from the Government of India, State Governments of Himachal Pradesh, Uttarakhand, Bihar, Arunachal Pradesh, Maharashtra, Gujarat and Rajasthan, the Governments of Nepal and Bhutan, other Governmental and Non-Governmental agencies, Statutory, Cost, Secretarial and Internal Auditors, our Customers, Business associates who have supported the Company, various Financial Institutions & Bankers, Regulatory authorities for their continued support and above all the Shareholders, Investors and Partners in the growth of the Company for their continued confidence and trust in the Management.

I also convey my thanks and appreciation to my esteemed colleagues on the Board for their valuable support and guidance, to my team of dedicated and hardworking employees which enabled us to achieve all milestones with distinction; and one and all for reposing trust in me and granting me opportunity to steer this wonderful organization.

Thanking you,

Yours sincerely,

**(Ramesh Narain Misra)**  
 Chairman & Managing Director  
 DIN: 03109225

Place: Shimla  
 Date: 22-09-2016