



CHAIRMAN'S LETTER TO THE SHAREHOLDERS



Dear Shareholders,

I am delighted to welcome you to 34th Annual General Meeting of your company. It is my privilege to present the Annual Report which gives an insight into exemplary performances for the financial year 2021-22.

On completion of yet another outstanding year, the Audited Financial Statements of the company along with the Reports of the Auditors and Directors for the year 2021-22 are presented for your approval. Also, I take this opportunity to share with you the company's performance, position and future prospects.

HIGHLIGHTS OF THE YEAR 2021-22

Dear Friends,

Economies around the world that were still weathering the setbacks of global pandemic, have once again been, severely impacted by the ongoing Russia-Ukraine War. However, with your unstinted support and the efforts of the employees with strategic intent to ensure sustained growth, your company managed to deliver steady performance. Emerging from the recent turbulent times, our projects are back on track and we are taking extraordinary measures to re-coup the progress that was adversely impacted in last two years.

OPERATIONAL PERFORMANCE

Dear Shareholders,

It gives me great pride to share with our shareholders that during financial year 2021-22, we have maintained the outstanding performance from our Power Stations. **Surpassing the total Design Energy of 8705 Million Units, our Power Stations generated 9208 Million Units of energy.**

I am also glad to inform that your company has earned Rs 43 crores as incentive under Deviation Settlement Mechanism (DSM) from Nathpa Jhakri & Rampur Hydro Power Stations in the financial year 2021-22. This incentive earning is in addition to the revenue earned from power generation.

Company's flagship power stations, namely NJHPS & RHPS achieved the **Highest Ever Monthly Generation of 1217 MU and 336 MU respectively in July, 2021** pushing the **Company's aggregate Monthly Generation to a Record High of 1580 MU during the same month.**

NJHPS also achieved **Highest Ever Daily Generation of 39,493 MU on 16th August 2021.**

Continuing the record-breaking spree, the Company's Power Stations achieved the **Highest Ever Quarterly Generation of 4404 MU and 1480 MU during two consecutive Quarters i.e. Second and Third Quarter of FY 2021-22 respectively.** Incidentally, Generation Record of 4404 MU during Q2 of FY 2021-22 is also the **Highest Ever Quarterly Generation during any Quarter since inception of the Company.**



In another significant achievement, NJHPS has secured Information Security Management System - ISMS 27001:2013 Certification for best Information Technology & Operational Technology Systems.

FINANCIAL PERFORMANCE

My Dear Friends,

During the financial year 2021-22, mainly due to reduction in Late Payment Surcharge (LPS) from beneficiaries and increased costs due to increase in debt, the standalone revenue from operation decreased marginally by ₹68.87 crore to ₹2421.96 crore compared to ₹2490.83 crore during previous year. The standalone Profit After Tax decreased by ₹655.52 crore to ₹977.52 crore against ₹1633.04 crore for the previous year.

An **Interim dividend of ₹1.15 per share** was paid in the month of February 2022. In addition, your Board has recommended a **Final dividend of ₹0.55 per share**. Thus, subject to your approval, a **Total dividend of ₹1.70 per share** is proposed to be paid for financial year 2021-22.

With the exponential increase in CAPEX and project development activities, the profits are expected to remain subdued for next few years. However, I would like to re-assure our shareholders that their funds are being invested prudently, productively and profitably into company's business.

BUSINESS EXPANSION

Dear Shareholders,

24th May 2018, 31st Raising Day of the company was the day SJVN's Shared Vision of 5000 MW by 2023, 12000 MW by 2025 & 25000 MW installed capacity by 2040 was formulated and set out. This Shared Vision gave focus and right direction to our endeavors. The results were visible within four years as there has been exponential growth in portfolio of the company. The growing portfolio further motivated the Management and on 26th January 2022, Shared Vision has been upgraded to **5000 MW by 2023, 25000 MW by 2030 & 50000 MW by 2040**.

During the financial year 2021-22 and first quarter of the financial year 2022-23, 4237 MW has been added to the portfolio of the company. **This is highest capacity addition since incorporation of the company thirty-four years ago.**

I have always been advocating the concept of '**One Basin, One Developer**' for integrated River Basin Development for optimum utilization of resources and reduction of generation costs. Our persistent efforts have gained acceptance and acknowledgement. Government of Himachal Pradesh has allocated six hydro projects on Chenab basin to your company. Similarly in Arun River Basin in Nepal, in addition to Arun-3, SJVN got 669 MW Lower Arun Hydro Electric Project and 490 MW Arun-4 Hydro Electric Project. This development also has a strategic significance in strengthening diplomatic and bilateral relations between India and Nepal. With the invaluable guidance and support of Ministry of Power, SJVN is major contributor in achieving India-Nepal Joint Vision on Power Sector Co-operation.

In another significant development, your company has obtained **Category-I Trading License for interstate trading of electricity across entire Country** in January 2022.

SJVN has also re-engineered its Business Model in sync with the commitment of Hon'ble Prime Minister Sh. Narendra Modi of 50% energy from non-fossil fuel-based energy resources by 2030. As a step forward to achieve this vision and catalyze the future growth of the company, a **wholly owned subsidiary company SJVN Green Energy Limited** has been incorporated in March 2022.

The **project portfolio of the company has expanded rapidly to the present level of 55 Projects aggregating 31,905 MW spread across 13 states and 3 countries of Indian sub-continent**. Out of these, 7 Projects including 6 Generation Projects of 2016.5 MW and 1 Transmission Line Project of 86 km are Operational, 13 Projects including 11 Generation Projects of 4426 MW and 2 Transmission Line Project totaling 254 km are under Construction, 11 Projects of 1878 MW are under Investment approval & Pre-Construction Stage and 12 Projects of 4538 MW are in Survey & Investigation Stage.

Ministry of Power has identified five hydro projects of 5097 MW capacity in Dibang Basin of Arunachal Pradesh for allocation to SJVN. Also, 10 Pumped Storage Projects having an estimated capacity of 13,950 MW and spread across four states have been identified for allocation by the Ministry.

PROJECT EXECUTION

Dear Shareholders,

It gives me great satisfaction to share that displaying remarkable perseverance, our projects have been consistently performing well and their progress is either on track or has surpassed the set targets. **The project development activities have scaled to an all-time high during the previous year.**

The detailed status and progress of the Power Stations and Projects have been amply covered in the Directors' Report. Hence, I would only like to highlight some noteworthy accomplishments.

In 2021-22, we were given the mammoth CAPEX target of Rs. 5000 crores, almost double of what it was last year. This was the test of our determination and as always, your company rose to the challenge. 90% of this CAPEX target was achieved by December 2021. Your Company emerged as one of the two Power CPSUs & the only hydro CPSU to achieve this target fixed by Government of India. By the end of March 2022, we managed to clock CAPEX of Rs. 5259.39 crore and surpassed the assigned target.

Foundation stone of 210 MW Luhri Stage-1 Hydro Electric Project & 66 MW Dhaulasidh Hydro Electric Project and the Ground-Breaking Ceremony for 382 MW Sunni Dam Hydro Electric Project were done by Hon'ble Prime Minister Sh. Narendra Modi on 27th December 2021. At one point of time, these projects were considered unviable. It is testimony of our persistence and hard work that these projects have seen the light of the day.





Electro-Mechanical works of Luhri Stage-1 Hydro Electric Project have been awarded in July, 2021. Similarly, EPC package for Civil and Hydro-Mechanical works of 66 MW Dhaulasidh Hydro Electric Project has been awarded in May, 2021. The construction activities in 60 MW Naitwar Mori Hydro electric Project are ongoing at war footing pace and the project will be commissioned in the current financial year.

Financial closures of Luhri Hydro Electric Project Stage-1, Parasan Solar Power Project, Bagodara Solar Power Project and Dhaulasidh Hydro Electric Project have been achieved in 2021-22. Work for construction of 75 MW Solar Power Project at Parasan, Uttar Pradesh has been awarded in August, 2021.

Investment approval for pre-construction activities of Lower Arun Hydro Electric Project has been accorded by Ministry of Power in March, 2022 and DPR has been approved by Investment Board of Nepal in April, 2022.

SJVN is re-writing the rules of the game by focusing on the completion of its projects without time & cost overruns. Riding on the strength of the dedicated team, we aspire to set the benchmark by completing the projects within scheduled timelines. We are cruising ahead and demonstrating our mettle & competitive edge in the domestic and international markets amongst toughest of the competitors.

OTHER DEVELOPMENTS

Dear Shareholders,

As a part of its long-term Corporate Strategy, SJVN has entered into series of MOUs with various Government and Non-Governmental agencies during the financial year 2021-22.

Your company is enthusiastically participating in Azadi Ka Amrit Mahotsav celebration, an initiative of the Government of India to commemorate 75 years of progressive India. This Mahotsav is dedicated to the people of India who have the potential to enable Prime Minister Sh. Narendra Modi's vision of activating India 2.0, fuelled by the spirit of Aatmanirbhar Bharat. As a part of the Aatmanirbhar Bharat, SJVN is promoting the indigenous market, local producers and manufacturers by encouraging usage of Make in India material & products in its projects & power stations. Vendor development programs are regularly organized to increase the participation of MSMEs in the procurement process and to also strengthen interaction amongst local businesses. Your company is providing them the platform and opportunity to develop themselves and succeed in the highly competitive market.

The performance and achievements of your Company and Management have been recognized and rewarded by different institutions at various forums. Ministry of Power conferred **first position in Swachhta Pakhwada Award 2022 to SJVN** for outstanding contribution to Swachh Bharat Abhiyan. Our Corporate Head Quarters 'Shakti Sadan' became the first building in Himachal Pradesh to be rated **Four Star by Green Rating for Integrated Habitat Assessment 'GRIHA' Council**. SJVN has also been conferred with **Most Efficient & Profitable Mini Ratna of the Year Award** by Dalal Street Journal; **13th CIDC Vishwakarma Award 2022** in Corona Warriors Award and Partners in Progress category; Prestigious **Corporate Award 2021** in the category of **Best Growth Performance in Power Sector** by Dun & Bradstreet.

HUMAN RESOURCES DEVELOPMENT

To assist us in imbibing best global practices to be a future-ready organization, we have engaged best in class International Consultants in technical, financial & management areas. Our aim is to drive every resource be it human or material towards achieving the Shared Vision. Your company gives utmost importance to the enrichment of employee skill and knowledge. For this, the employees are being imparted online, external and in-house, short and long duration trainings through organizations of national repute. Also, motivational talks by renowned speakers of international repute are being organized to motivate and energize them to achieve professional and individual objectives.

RISK MANAGEMENT

Your company has a comprehensive Risk Management Policy. The Risk Management Strategy includes assessment of risk to designate as falling under Avoidance, Transfer, Reduction or Retention with associated action plan. Further, risk management framework entails formulation of a Risk Matrix to assign the likelihood of occurrence to the assigned risks along with definition of nature of risk viz. controllable, Uncontrollable & partly controllable, suggesting a mitigation mechanism and lead responsibility centre.

CORPORATE SOCIAL RESPONSIBILITY

SJVN has formulated and adopted a well-perceived Corporate Social Responsibility and Sustainability Policy, which is in consonance with the Companies Act, 2013 and CSR guidelines issued by DPE. The CSR initiatives are pursued through a registered trust 'SJVN Foundation' with an aim to reach the wide spectrum of beneficiaries.

During financial year 2021-22, the Company has spent a total amount of ₹51.67 crore on CSR activities which is ₹12.23 crore more than the statutory obligation of ₹39.44 crore. Year on year CSR expenditure by Company over and above the statutory obligation demonstrates the fact that we do not consider CSR a mere obligation rather it is our contribution towards Nation Building. In recognition of its outstanding contribution, your company has been conferred with **Global CSR Excellence & Leadership Award by World CSR Congress** for Best Covid -19 Solution for Community Care.

The particulars of our CSR initiatives are detailed in the Annual Report.

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. In this regard, your company has been constantly achieving "**Excellent**" rating for compliance with 'DPE Guidelines on Corporate Governance' under the 'Corporate Governance Grading System' prescribed by DPE.



HIGHLIGHTS OF THE YEAR 2022-23

Dear Friends,

We have embarked on a new financial year to take the company to greater heights by drawing strength from cooperation of the stakeholders and commitment of the employees.

In the first quarter of the Financial Year 2022-23, our power stations have already generated 2736 MU. Out of this, NJHPS generated 2090 MU, RHPS generated 588 MU and solar & wind Power Stations have generated a total of 58 MU till 30th June 2022. **NJHPS has set a new record in Highest Ever Single Day power generation of 39,524 MU on 18th July 2022.**

In the august presence of Hon'ble Prime Minister of India and Hon'ble Prime Minister of Nepal, MoU for 490 MW Arun-4 Hydro Electric project has been signed on 16th May 2022. Further, the EPC package for 1000 MW Solar Power Project in Bikaner, Rajasthan has been awarded in May 2022.

The construction activities of ongoing projects are in full swing. I am confident that under the visionary leadership of Hon'ble Prime Minister Sh. Narendra Modi and guidance of Hon'ble Union Power Minister Sh. R.K. Singh, we will achieve the CAPEX target of Rs. 8,000 crores for financial year 2022-23.

MACRO ECONOMIC SCENARIO AND GOVERNMENT INITIATIVES

Dear Shareholders,

Despite the global pandemic, all India demand in power sector continued to achieve new benchmarks. The highest all India demand of 2,00,570 MW was achieved on 07th July 2021 and this was 14 percent higher than the previous year. Addition of 28 million new consumers is indicative of the fact that our economy is recovering well. During the financial year 2021-22, Ministry of Power undertook many comprehensive reforms covering the entire gamut of the energy sector.

For addressing the issue of timely recovery of the costs due to change in law, Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021 have been issued. The Electricity (Promotion of generation of Electricity from Must-Run Power Plant) Rules, 2021 have been issued to ensure that the consumers get green and clean power and secure a healthy environment for the future generation. Also, amendment in the existing Renewable Energy Certificate mechanism is being made to align the present mechanism with the emerging changes in the power scenario and to promote new renewable technologies.

A Model Contract Document for Dispute Avoidance Mechanism in Hydro CPSUs through "Independent Engineer" has been issued by Ministry of Power. Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 covering liquidation of old outstanding dues and payment security mechanism will help in clearing of old outstanding dues of SJVN by state power utilities.

The market has been widely expanded with the launch of Real Time Market, Green Term-Ahead Market and Green Day Ahead Market which has proven extremely beneficial to all the stakeholders.

In addition, the Government has taken several other steps to promote renewable energy. This includes - Permitting Foreign Direct Investment up to 100 percent under the automatic route; Waiver of Inter State Transmission System charges for inter-state sale of solar and wind power for projects to be commissioned by June 2025; Setting up of Ultra Mega Renewable Energy Parks to provide land and transmission to renewable energy developers on a plug and play basis; Schemes such as PM-KUSUM, Solar Rooftop Phase II, 12000 MW CPSU Scheme Phase II, etc; Laying of new transmission lines and creating new sub-station capacity under the Green Energy Corridor Scheme for evacuation of renewable power; Setting up of Project Development Cell for attracting and facilitating investments; Standard Bidding Guidelines for tariff based competitive bidding process for procurement of Power from Grid Connected Solar PV and Wind Projects. Government has issued orders that power shall be dispatched against Letter of Credit or advance payment to ensure timely payment by distribution licensees to renewable energy generators.

All these reforms and initiatives have brought in transformation in Indian power sector, on a scale, which is unparalleled in the energy history of the world.

FUTURE PROSPECTS

My Dear Friends,

The Russia-Ukraine war has the potential to trigger a long-term global turmoil and change in world order. It has accelerated the global shift to green energy. The investment into renewable energy is being considered a component of energy security and political stability.

I recall the time when in December 2017, only one wind power project with an investment of Rs. 300 crores was under construction. In subsequent period of less than four years, there has been a complete transformation in the company's portfolio. At present, the estimated cost of under construction projects and transmission line projects is about Rs. 33,000 Crores. Continuing to reorient and readapt to the ever-changing business environment, we are venturing into the new fields of Hybrid Energy, Pumped Storage, Green Hydrogen and Battery Storage Energy Systems. As the company gets to execute more projects, the overall investments are estimated to rise to about Rs. 3,00,000 crores by 2040. We are taking significant steps for spearheading energy transition to deliver excellent growth.

In recent years, SJVN has truly transformed itself into a Fully Diversified Multinational Power Company striding ahead to meet the power demands of the nation. SJVN aspires to be a one-stop source for any generator and consumer wanting to trade power in the country and contribute to the evolution of a robust and competitive energy market in India.





ACKNOWLEDGMENT

I feel highly privileged and honored to be leading a company that is breaking barriers and conquering new frontiers.

In recent years, our Shareholder base has grown to over 3 lakh from less than 1 lakh shareholders which is indicative of the trust and commitment of retail shareholders towards the company. I am highly grateful for the continued confidence and trust posed by our Shareholders, Investors and Partners.

I take this opportunity to place on record my sincere appreciation and thanks for the support, guidance and cooperation extended by Government of India, State Governments of Himachal Pradesh, Uttarakhand, Bihar, Maharashtra, Gujarat, Rajasthan, Punjab, Madhya Pradesh, Arunachal Pradesh, Uttar Pradesh, Karnataka, Andhra Pradesh and Mizoram; the Governments of Nepal and Bhutan; other Governmental and Non-Governmental agencies; Statutory, Cost, Secretarial and Internal Auditors; our Customers; Business associates; various Financial Institutions & Bankers and Regulatory authorities.

Most importantly, I place on record my deepest admiration for my colleagues on the Board – past & present. I take great pride in acknowledging that in all the accomplishments of the company my fellow Board Members have stood by me and extended their unfaltering trust, co-operation and guidance. During the challenging times, SJVNites, as always, have shown uncharacteristic determination and consistently delivered outstanding results despite all odds. Their efforts and commitment allows us to dream and aim big and achieve higher and higher goals.

We reaffirm our commitment to excellence with the determination to sustain and enhance our successful momentum.

Thanking you,

Date: 12th August, 2022
Place: Shimla

Yours Sincerely

(Nand Lal Sharma)
Chairman & Managing Director
DIN: 03495554

