



CHAIRMAN'S LETTER TO THE SHAREHOLDERS



Dear Shareholders,

As Chairman & Managing Director of SJVN, this happens to be my first dialogue with our members. First and foremost I would like to assure you of my sincere efforts towards progress of our organization for the benefit of all stakeholders in fulfillment of our common objectives of making SJVN a major player in power sector in India as well as globally. I take this opportunity to share the achievements of our company with our Shareholders.

The Audited Financial Statements of the Company along with the Reports of the Auditors and Directors for the year 2014-15 are presented for your approval.

HIGHLIGHTS OF THE YEAR 2014-15

The year 2014-15 has been a very eventful year for SJVN. In this year, the organization succeeded in accomplishing augmentation in the generation capacity with commissioning of all the six generating units of 412 MW Rampur Hydro-electric Project and all the 56 units of 47.6 MW Khirvire Wind Power Project. Commissioning of 3 units of RHEP before 31st March, 2014 and the remaining 3 units by 4th December, 2014 was a major feat, considering the numerous last minutes hurdles which were overcome with courage, ingenuity, unflinching resolve and absolute commitment of our officers and staff. This achievement has been widely recognized and applauded. Unit-5 & Unit-2 of Rampur HEP have been respectively awarded the **"Gold Shield"** & **"Silver Shield"** by the Ministry of Power, Government of India in the category of "Early completion of Hydro Projects" for the year 2013-14, which is a matter of pride for our company.

Flawless commissioning and subsequent functioning of complex civil structures and electro-mechanical/ hydro-mechanical equipment is a testimony of competence and the high level of skills that organisation's professionals have acquired.

Hon'ble Prime Minister of India, Shri Narendra Modi laid the foundation stone of 600 MW Kholongchu HE Project in Bhutan on June 16, 2014, which is to be constructed by SJVN in joint venture with Druk Green Power Corporation Ltd. of Bhutan. Subsequently on September 30, 2014 SJVN signed Share Holders Agreement with DGPC. DPR for 570 MW Wangchu has been cleared by CEA and has also received approval of Royal Government of Bhutan.

Continuing with organizations rapid strides in taking up hydro projects in the neighboring countries, SJVN signed a Project Development Agreement for implementation of 900MW Arun-3 Hydro Electric Project, with Government of Nepal at Kathmandu in the presence of Hon'ble Prime Minister of India, Shri Narendra Modi and Hon'ble Prime Minister of Nepal, Shri Shushil Kumar Koirala on November 25, 2014. SJVN is committed to present exemplary demonstration of project implementation capabilities in these countries, possessing vast hydro potential, to open up new vistas for the organization in future.

Strengthening our foothold in the state of Arunachal Pradesh, having immense opportunities in the area of Hydro Power Development, an MOU has been signed with the Government of Arunachal Pradesh on August 13, 2014 for implementation of 80 MW Doimukh Hydro-electric Project. SJVN has continued efforts to bring other hydro projects in Himachal Pradesh, Uttarakhand as well as Thermal Project in the state of Bihar to take offstage.

The Central Government has announced ambitious plans for setting up 100 GW of Solar Power capacity by 2022. Your company is well poised to take advantage of any opportunity in this area. On December 29, 2014 SJVN has signed an MOU with Hindustan Salt Ltd. for development of Ultra Mega Hybrid Renewable Energy (Solar & Wind) Park.



During the year, the Company also signed a memorandum of association with six other state run Government Power Generating Companies on 7th January 2015 for the formation of a JV Company for mining of Deocha-Pachami Coal Block.

I am indeed delighted to inform our Shareholders that, all three operational projects of the company continued their excellent performance during the year. NJHPS, RHPS and KWPP together generated 8136.13MU of Power against combined MoU target of 7920 MU. For its exceptional operational, financial and organizational performance your company has received **"Excellent"** MoU performance rating for the third year in a row.

The physical progress made by the organization is also manifested in the financial health of the company. Total revenue has zoomed by 54.50% to all time high of ₹ 3261.10 crore. Similarly, an increase of 50.43% was recorded in the Profit After Tax during the year to ₹1676.75 crore which is the highest since inception of the company. The company's EPS during the year has increased to ₹ 4.05 against ₹ 2.69 during the previous year.

During the year an interim dividend of ₹0.63 per share was paid. In addition your Board has recommended a final dividend of ₹0.42 per share. Thus, a total dividend of ₹1.05 per share (₹434.35 crore) is proposed to be paid for FY 2014-15 against ₹0.98 per share (₹405.39 crore) paid during the previous year. The dividend yield on the Company's shares is one of the best amongst all peer group Power Sector Companies.

HIGHLIGHTS OF THE YEAR 2015-16

During the first quarter of the Financial Year 2015-16, ended 30th June 2015, 3340 MUs of power has been generated out of which NJHPS generated 2605 MU, RHEP 718 MU and Khirvire Wind Power Project 17 MU.

As per MoU for 2015-16, signed with MoP, SJVN targets to generate 8520 MUs of power under "Excellent" parameters with target revenue realization from sale of energy at ₹2224 crore from NJHPS, RHEP and Khirvire Wind Power Project collectively.

FUTURE BUSINESS STRATEGY

Infrastructural development, especially Power Sector development and reforms are expected to remain top priority of present Government. The new Govt. has already given the first signals of positive change in form of unification of Power, Coal & MNRE Ministries which may prove to be a huge boost to Power Sector in the long run. The Power Sector is still in nascent stage of growth. The annual per capita power consumption in India is still quite low compared to developed countries. This growth scenario ensures ample room for both the public and private players to grow, both complementing each other in the endeavour of economic development and nation building.

Your company's management is strategically building up its human and technological competencies across geographies, across sectors and across technologies, to enable it to seize any such opportunities. The Company is firmly on course to a brighter future and thereby enhance its contribution to the growth of the power sector and the Indian economy.

In the era of global environmental awareness and climate change, clean and green renewable energy sources like solar and wind shall continue to remain favorite world over, in the times to come. According to a 2011 projection by the International Energy Agency, solar power generators may produce most of the world's electricity within 50 years. With this foresight, renewable energy will remain one of the major thrust areas of the Company in the times to come.

The Status of ongoing Projects has been amply covered in the Directors' Report 2015 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; Buxar Thermal Power Plant in the state of Bihar; aggregating more than 4400MW 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. 2014-15 under Corporate Governance grading system prescribed by DPE for the fourth 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

Date: 30th July, 2015

Place: New Delhi