

Generating Power ... for the Generations



Annual Report
2010-11

Board of Directors

Raghunath Prasad Singh
Chairman & Managing Director



Ramesh Narain Misra
Director (Civil)



Amarjit Singh Bindra
Director (Finance)



Nand Lal Sharma
Director (Personnel)



Sudhir Kumar
Part time Official Director
(Govt. of India Nominee)



Deepak Sanan
Part Time Official Director
(Govt. of H.P. Nominee)



Ms. Bharti Prasad
Independent Director



Ravi Dhingra
Independent Director





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The Board of Directors - Brief Profiles



Mr. Raghunath Prasad Singh, holding additional charge of Chairman and Managing Director with effect from 1st March 2011, is Director (Electrical) in the Company since November 1, 2007. Mr. Singh, 56 years, is a graduate in electrical engineering from Regional Engineering College, Warangal. Prior to joining our Company, he was the Executive Director of North Eastern Electric Power Corporation Limited for more than 26 years and was associated with corporate planning, monitoring, design engineering etc. of transmission lines and hydro projects. Mr. Raghunath Prasad Singh has distinction in completing 100 kilometers of transmission lines in a record time of 18 months besides achieving machine availability of around 97% of Ranganandi Hydro Electric Plant (405 MW) consecutively for two years i.e. 2004-05 & 2005-06 and earned Bronze Shield for 2004-05 by the Ministry of Power, Government of India under National Award for meritorious performance.

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 31 years of experience in power sector. Prior to joining the company, he was Executive Director in NHPC Limited having wide experience in planning, appraisal, getting clearances, monitoring, contract management, and execution of large hydro power projects including commercial aspects and policy issues related thereto. He has experience in contract management, project management and policy issues of hydro power sector. As the Director (Civil), he is in-charge Civil Design, Project Investigation and construction, DRB and Civil Contracts, Geology and Environment.

Mr. Amarjit Singh Bindra, 51 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 28 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, 46 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. An Ex-officer of HP Administrative Services, Shri Sharma holds a masters degree in Agriculture from Palampur Agriculture University in Himachal Pradesh and Masters in Business Administration 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 and administration, Rehabilitation & Resettlement, legal, procurement, etc.

Mr. Sudhir Kumar, 55 years, has been Non Executive Director on our Board since September 29, 2009 as the nominee of Government of India. Mr. Kumar is an Indian Administrative Services officer and holds a post graduate degree in commerce from Delhi School of Economics. He has served on various state and central administrative positions in various departments including home, energy, commercial, taxation, finance, rural areas and employment, power and railways.

Mr. Deepak Sanan, 54 years, has been a Non Executive Director on our Board since April 4, 2010 as the nominee of the Government of Himachal Pradesh. 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 and 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, 61 years, is an Independent Director on our Board since March 29, 2010. She holds an 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, 62 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 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.



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**Company Secretary
Statutory Auditors**

: PSR Murthy
: Hingorani M & Co.
Chartered Accountants
New Delhi.

Bankers

: State Bank of India
Union Bank of India
IDBI Bank
HDFC Bank
AXIS Bank
Punjab National Bank

Registered Office

: Himfed Building
New Shimla
SHIMLA - 171 009. Himachal Pradesh

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SJVN LIMITED



NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of SJVN Limited will be held on **26th August 2011, Friday, at 1600 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, 2011 and Profit and Loss Account 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 2010-11.
3. To appoint a Director in place of Ms Bharti Prasad, Director, who retires by rotation and being eligible offers herself for re-appointment.

By order of Board of Directors

(P.S.R. Murthy)

Company Secretary

Regd. Office:-
Himfed Building
New Shimla – 171009

Date: 14th July 2011

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 11 a.m. on, the 24th August 2011. Blank proxy form is enclosed.
2. As required by Clause 49 of the Listing Agreement(s), the relevant details of Ms Bharti Prasad, Director, retiring by rotation and seeking re-appointment under item no.3 of the Notice in accordance with applicable provisions of the Articles of Association of the Company are annexed. The tenure of the above Director is 3 years from the date of her appointment or until further orders from the Ministry of Power, whichever event occurs earlier.
3. 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.
 - (iv) Note that 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August 2011 (Saturday) to 26th August 2011 (Friday) (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 31st August 2011.
6. **The Board had recommended a Final Dividend @ ₹ 0.80 per share at its 204th meeting held on 30th May 2011. 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 19th August 2011 (Friday).**
7. 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.
8. 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.



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9. 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,
10. 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.
11. 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
12. 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.
13. Annual Listing fee for the year 2011-12 has been paid to the Stock Exchanges wherein shares of the Company are listed.
14. 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.8 above.
15. 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.
16. **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.**

PROFILE OF Ms BHARTI PRASAD

Ms Bharti Prasad, 61 years, is an Independent Director on our Board since March 29, 2010. She holds an M.Phil degree from Punjab University, Chandigarh. An Indian Audit & Accounts Services Officer, she retired as Deputy Comptroller & Auditor General of India. Ms Bharti 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, Kolkatta. Ms Bharti is a Member of Advisory Group on Evaluation of Audit, International Civil Aviation Organisation, Montreal and International Public Sector Accounting Standard Board.

M Bharti Prasad is Chairman of Investor Grievance Committee, Chairman Audit Committee of SJVN Ltd.

Ms Bharti Prasad is not holding any share in the Company either on her own or through her relatives. Ms Bharti Prasad is interested in the proposal.



Dear Members,

Your Directors are pleased to present the Twenty-Third Annual Report of the Company for the year ended March 31, 2011 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 2011 witnesses the performance of your company.

1. FINANCIAL HIGHLIGHTS

	(₹In crore)	
	2010-11	2009-10
INCOME		
Net Sales after adjustments	1812.67	1769.74
Other Income	143.15	138.99
Total Income	1955.82	1908.73
EXPENDITURE		
Generation, Admn., & Other Exp	201.83	178.10
Depreciation	444.21	433.28
Provisions & write back	(0.21)	(1.29)
Interest and Finance charges	158.37	172.93
Expenditure before prior period	804.20	783.02
Prior Period Adjustment	(4.58)	108.24
Total Expenditure	799.62	891.26
Profit Before Tax	1156.20	1017.47
Provision for Tax	244.07	44.73
Profit After Tax	912.13	972.74
Appropriations		
Interim dividend paid	nil	80.00
Proposed Dividend	330.93	248.20
Tax on dividend	53.69	54.82
Total Dividend incl Tax	384.62	383.02

2. GENERATION

During the year ending 31st March 2011, 7140.205 MUs of power was generated as compared to the previous year's generation of 7018.81 MUs. The design energy for the NJHPS is 6612 MUs. Plant availability factor was 97.996% which has since been revised by NRPC against representation of your Company to 98.318% in June 2011. The normative Capacity index was 82%. As a result of efficient planning, systematic operation and maintenance management, the company earned an incentive of ₹216.02 crore. The annual machines maintenance time has been brought down to 8.43 days against 10 days last year.

3. DIVIDEND

The Company earned a net profit after tax of ₹912.13 crore during the year as compared to profit after tax of ₹972.74 crore. Your Directors had recommended a dividend of ₹330.93 crore as against dividend of ₹328.20 crore for the previous year. The dividend shall be paid after your approval. The declared dividend per equity share comes to ₹0.80 as against ₹0.79 during previous year.

4. PROJECTS UNDER EXECUTION

4.1 RAMPUR PROJECT (412 MW)

The Project has taken a major leap in terms of progress in all fronts since our last Report. Breakthrough blast between HRT Kajo Upstream and HRT Spill Tunnel Downstream has daylighted 7831 m of HRT in a continuous stretch. As of now, total Heading of 13668 m (90%), Benching of 7438 m (49%) and Lining of 4111 m (27%) has been done. The excavation in critical reach between Goshai upstream and Kasholi downstream, is progressing well. The HRT in all respects including

plugging of adits shall be completed by April 2013.

The construction activities are now mainly focused in Power House and its appurtenant structures and these activities are as per schedule. The Surge Shaft excavation is complete and lining is in progress with 31% completion as on date. The excavation of Pressure Shafts (03 nos) is complete and fabrication and erection of liner is in progress. Erection activity of all the 06 nos. generating units has been taken up with 50% completion of Unit 1 & 6. About 35% supplies of various electro-mechanical components have been received at site. The cumulative expenditure till March 2011 was ₹1127.52 crores.

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 Dist. of Eastern Nepal. Survey and Investigation work was completed in January 2011. Final DPR was submitted to CEA in March 2011. As regards Environmental clearance from the Ministry of Environment, Govt. of Nepal, SJVN has submitted Scoping document and Terms of Reference to the Govt. of Nepal. Action is being taken on the observations of Govt. of Nepal. Detailed Agreement for Implementation of the project is under negotiation with the Govt. of Nepal. The award of major civil works is expected in June 2012 with a construction period of 5 years.

For evacuating power from the project, detailed survey for laying 400 KV D/C transmission line from Diding (Power House) to Dhalkebar in Nepal and upto Muzzaffarpur in India using modern techniques is in progress.

5.2 LUHRI PROJECT (775 MW)

DPR was submitted to CEA in March 2011 which is under examination by CEA for accord of TEC. EIA/EMP studies concluded in February 2011. Action in respect of Environmental clearance, Forest clearance, Acquisition of land for the project etc. has been initiated.

5.3 DHAULASIDH PROJECT (66 MW)

The DPR for 66 MW was submitted to the Government of Himachal Pradesh and the Government accorded TEC on 25th June 2011. The estimated cost of Project is ₹497.70 crores approx at November 2010 price level. On commissioning, the project shall generate 247 million units in a 90% dependable year. EIA/EMP studies for the project have been submitted to State Pollution Control Board for conducting public hearing. Action for diversion of forest land and acquisition of land for development of infrastructural facilities is in process. The construction period of the project will be 54 months.

5.4 UTTARAKHAND PROJECTS

Devsari HEP is Run of River (RoR) scheme with installed capacity of 252 MW. The RoR scheme was cleared by Govt. of Uttarakhand in Oct., 2007. The project will generate 913.43 MU of energy in a 90% dependable year. Final DPR has been submitted to CEA in June 2010. Final EIA/EMP report has been submitted to MoEF in March, 2011 and project was considered by Expert Advisory Committee (EAC) of MoEF in April, 2011 for accord of environment clearance. Notification under Section-IV of LA-Act has been issued for acquisition of private land. At present, the TEC, private land acquisition, forest land diversion, environment clearance, mining clearance etc., are in advance stage of their approval. The major civil works are likely to be awarded by Oct., 2012 with execution period of 5 years.

Naitwar Mori HEP, capacity at the time of allocation was 33 MW. After detailed survey and investigation, the project installed capacity has been revised to 60 MW with annual energy generation of 261.08 MU in a 90% dependable year. TEC for 60 MW has been accorded by Govt.



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of Uttarakhand in March, 2010. The estimated cost of Project is ₹449.78 crores at Feb 2009 price level. The project has been accorded wild life clearance by NBWL in April, 2011. The ToR for the revised capacity of the project were approved by the MoEF in July, 2010 and after public hearing, final EIA/EMP report has been submitted to MoEF in June, 2011 for accord of environment clearance. Notification under Section-VI & IX of LA-Act has been issued for acquisition of private land. At present, the process of land acquisition, environment clearance, forest land diversion and mining clearance are at advance stage of approval. Major Civil works are likely to be awarded by Jan./Feb., 2012 with 48 months completion period of the project.

Jakhol Sankri HEP, capacity at the time of allocation was 33 MW which, after detailed survey and investigation, has been revised to 51 MW with generation capacity of 219.99 MU in a 90% dependable year. The DPR has been submitted to Govt. of Uttarakhand in Dec., 2010 for TEC. The ToR for EIA/EMP studies for the revised capacity of the project have been approved by MoEF in Jan., 2011. At present, the process of EIA/EMP studies, private land acquisition, forest land diversion, wild life clearance from NBWL, mining clearance etc., are in progress. The TEC for the DPR is under consideration by the Govt. of Uttarakhand.

6. PROJECTS UNDER CONSULTANCY

6.1 PROJECTS IN BHUTAN

The Ministry of Power, Govt. of India, entrusted the work of preparation of DPR of Kholongchhu Hydro Electric Project (486 MW) and work of updation of Wangchhu Hydropower project (900 MW) to your Company.

Survey and Investigation for DPR in respect of Kholongchhu HEP was completed in February 2011 and Final DPR with revised installed capacity of 600 MW was submitted to CEA and Royal Government of Bhutan on 30th June 2011. EIA & EMP Studies are in progress.

As regards Wangchhu project, the scheme was revised from 900 MW storage scheme to 600 MW ROR and the revised proposal was agreed by CEA. Survey and Investigation for the revised scheme is in progress.

7. PROJECTS UNDER JOINT VENTURE

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

Govt. of Manipur (GOM), SJVN and NHPC limited have signed a MoU on 28.4.2010 to implement the multipurpose project, namely, the "Tipaimukh Hydro Electric (Multipurpose) Project" having an installed capacity of 1500 Megawatts to be located at Manipur-Mizoram border, downstream of the confluence of the river Barak with Tuivai, in Churachandpur District of Manipur through a Joint Venture Company among the GoM, SJVN and NHPC. The NHPC shall have the share of 69%, SJVN shall have a share of 26% and GoM shall have a share of 5% of the total share holding in the JVC. Implementation of the MoU will be monitored by a committee comprising of a representative each from Ministry of Power, Govt. of India, GoM, SJVN and NHPC.

8. CURRENT PERFORMANCE 2011-12

For the quarter ending 30th June 2011, the power generated was 2650.53 MUs (previous year: 2424.57 MU) as against the target of 2287 MUs. The total Income recorded was ₹553.57 crore as against ₹524.98 crore for the corresponding quarter of the previous year.

9. ENVIRONMENT

Towards this end, your company launched a comprehensive environment management plan of ₹35.85 crore and ₹45.52 crore in NJHEP and RHEP respectively. A sum of ₹27.96 crore and about ₹37.67 crore in NJHEP & RHEP were spent so far.

In recognition of the efforts on environmental activities, your company was in receipt of Awards for the year 2009-10 from Greentech

Foundation, New Delhi.

10. Resettlement and Rehabilitation

SJVN, being conscious of its responsibilities towards society, is committed to execute and operate Hydro Electrical Projects in a socially responsible manner through laid down Resettlement and Rehabilitation measures for the project affected people. To ensure sustainable development, your company recognizes the fundamental rights and corporate social responsibilities that its business has towards the sustainable existence of the communities within which it operates. To fulfil these responsibilities, apart from various R&R works as per its policy, SJVN is implementing various infrastructural and community development works in NJHPS and RHEP with recurring annual budget plans of ₹1.5 crore and ₹2.5 crore respectively. Following the spirit of R&R policy and Corporate Social Responsibility SJVN spent ₹5.098 crore in NJHPS and RHEP during FY 2010-11. Your R&R, Area Development and CSR works in NJHPS and RHEP since beginning to as on date becomes ₹105.56 crore.

In addition to the above, an amount of ₹0.094 crore was released for State Institute of Engineering & Technology in Pragatinagar, Gumma, Dist. Shimla against the proposed amount of ₹15 crore during FY 2010-11. This year, your company approved financial assistance of ₹2.0 crore for adoption of two ITIs in HP. The fund is proposed to be released during FY 2011-12. The company also extended financial assistance of ₹0.5 crore to Uttarakhand government for rehabilitation of affected people due to natural calamities like heavy rains and floods etc. during FY 2010-11.

11. HUMAN RESOURCES

The total manpower (excluding deputationists) on the rolls of SJVN was 1203 as on 31st March 2011 as against 1088 as on 31st March 2010. The strength of HPSEB/HP Govt. on deputation on the above date was 677 as against 699 on 31st March 2010. The strength of SC, ST and OBC employees as on the above date was respectively 258, 67 and 134 as against 231, 60 and 116 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 1060 employees were trained for 4030 man days.

11.1 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.

12. 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'

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

13. DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2011:

- 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.

14. AUDITORS' REPORT

M/s Hingorani M & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the financial year 2010-11.

The Report of the Statutory Auditors to the Members on the Accounts for the year ended 31.03.2011 along with reply to Qualification is placed at Annexure 'B'. Comments of the C&AG of India on the Accounts for the year ended 31.03.2011 are placed at Annexure 'C'. Comments of C&AG being 'nil', the reply by the Management is not applicable.

14.1 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, Cost Accountant, as Cost Auditor for the year 2010-11 with the approval of Ministry of Corporate Affairs for the audit. The Cost Audit Report for the year 2009-10 was filed with MCA on 22nd September 2010 as against 15th October 2010 being due date for filing.

15. BOARD OF DIRECTORS

The Directors Report for the year 2010 contained changes in the Board level positions on account of appointments and cessations up to September 2010. Subsequently, the following changes in the Board have occurred.

Pursuant to the orders of Ministry of Power, Shri R.P.Singh, Director (Electrical), has assumed the current charge of Chairman and Managing Director in addition to his duties with effect from 01st March 2011, Shri A.S.Bindra, joined as whole time Director (Finance) with effect from 09th December 2010 and Shri Nand Lal Sharma joined as whole time Director (Personnel) with effect from 22nd March 2011.

Pursuant to the orders of Ministry of Power, Shri H.K.Sharma, ceased as Chairman & Mg. Director with effect from 25th Feb 2011 on account of completion of given tenure. Also on attaining the age of superannuation, Shri R.S.Katoch ceased as Director (Personnel) with effect from 28th Feb 2011.

As regards part-time Independent Directors, on account of completion of tenure, Shri K.S.Sarma, Shri K.S.Gill and Shri S.M.Lodha ceased as

Directors of the Company.

The Board welcomes the appointments and noted the contributions made by the outgoing Directors during their tenure and placed on record its highest appreciation for their services.

16. IMPLEMENTATION OF OFFICIAL LANGUAGE

Celebration of Hindi Fortnight, quiz competitions, workshops, publication of house journal i.e. "Himshakti" and translation of manuals into Hindi from time to time are regular feature. During the year 242 employees were imparted training in usage of Hindi in day to day work. 741 employees were given prizes for winning various competitions organized on national/important occasions.

Sub-Committee of Parliamentary Committee on Official Language inspected the progress of use of Hindi at the Corporate Office, Shimla on 01st November 2010 and expressed its satisfaction over the progress made in this regard.

In recognition of its efforts, your Company was awarded with TOLIC Rajbhasha Shield (Second Prize) by Town Official Language Committee, Shimla, for the year 2009-10 and NTPC Rajbhasha Shield (Third Prize) by Ministry of Power for the year 2008-09 for the best performance in the field of Official Language implementation.

17. ACKNOWLEDGEMENT

The Board of Directors acknowledge with thanks the guidance and help 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, Deptt. of Power, Deptt. of Finance, Deptt. of Forests, Pollution Control Board, Government of Uttarakhand, State Electricity Boards, 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 records 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.

Thanking you

For and on behalf of Board of Directors

(R.P.Singh)

CHAIRMAN AND MANAGING DIRECTOR

Place: New Delhi
Date: 14th July 2011



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Annexure-A (Ref: para-12 (a))

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVER VIEW

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 30.05.2011 was 1,71,911.40 MW which includes 37817 MW of hydro power, the rest from the thermal and renewable energy sources. To fulfil the objectives of the National Electricity Policy, a capacity addition of 78,700 MW has been proposed for the 11th Plan (2007-2012). This capacity addition is expected to provide a growth of 9.5% to the power sector.

As regards hydro potential, India has an estimated hydro potential of about 1,50,000 MW of which only about 37367 MW (as on 31.12.2010) has been commissioned so far. The bulk of the potential yet to be developed is along the Himalayas i.e. hill states of Himachal, Uttarakhand, Arunachal Pradesh, 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 needs 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 weaknesses are a good turnover of employees, 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 of unmanageable rock conditions, floods etc.

When the entire capability scenario is put together, the strengths and opportunities outweigh 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 2011 vis-à-vis fiscal 2010:

A. RESULTS OF OPERATIONS

1. INCOME:

	2010-11	2009-10
Units of Electricity Sold (Million Units)	6228.040	6120.748
INCOME	₹ in Crores	
1. Sales	1812.67	1769.74
2. Consultancy works	5.34	1.15
3. Other income		
a) Interest		
- On deposits	123.67	105.60
- On advances to employees & Contractors	1.14	6.93
- From Customers	2.57	9.38
Total interest	127.38	121.91
b) Foreign currency fluctuation adjustment	4.03	1.68
c) Other	6.40	14.25
Total Income	1955.82	1908.73

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 2011 is ₹1955.82 crore which is marginally higher as compared to ₹1908.73 crore in the previous year.

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. Return on Equity is 15.5% on equity approved by the CERC which is to be further grossed up with reference to applicable Income Tax rate (Normal Tax Rate or MAT) so as to recover Income Tax on the equity approved for respective projects. The AFC is recoverable under two heads Capacity Charges and Energy Charges in the ratio of 50% each. Capacity Charges is depended on actual utilisation of machines for generating 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. If the availability of the plant is less than 82% the capacity charges are recovered on pro-rata basis.

Sales

Company sells electricity to bulk customers comprising mainly of Electricity Utilities owned by State Governments. Sale of electricity are based on long term Power Purchase Agreements (PPA) entered with such Utilities. Pending determination of final tariff, Sales for the fiscal 2011 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.

Tariff Regulation, 2009 provides that the company shall continue to provisionally bill the beneficiaries with the tariff approved by the CERC and applicable as on 31st March, 2009 till approval of tariff in accordance with these regulations. Accordingly sales for the fiscal 2011 has been provisionally recognized at ₹1812.67 crore as compared to ₹1769.74 crore during the fiscal 2010 (explained in note 7 of Notes on Accounts, Schedule -21) which is 92.68 % (previous year 92.72 %) of Gross Income.

Sales includes an amount of ₹187.37 crore (previous year ₹181.60 crore) on account of incentive billing by achieving Plant Availability Factor (PAF) of 98% (previous year 98%) as against Normative Plant Availability Factor (NPAF) of 82% (previous year 82%) and annual generation of 7140.21 million units (previous year 7018.81 million units) as against design energy of 6612 million units. The gross generation during the fiscal has increased by 1.73% over previous year. Sale includes Unscheduled Interchange (UI) Charges amounting to ₹28.65 crore (previous year ₹33.69 crore) for the deviation in generation with respect to schedule, payable (or receivable) at rates notified by CERC from time to time and reimbursement on account of Foreign Exchange Rate Variation (FERV) amounting to ₹4.63 crore (previous year ₹16.63 crore).



Sales also includes an amount of ₹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.

Consultancy

Consultancy income net of expenditure of the company is ₹5.34 crore during current fiscal as against ₹1.15 crore during previous year which mainly comprises of income from consultancy for preparation of DPR for projects in Bhutan.

Other Income

Other income during the year was ₹137.81 crore which mainly comprises of interest income earned on short term deposits amounting to ₹123.67 crore. Interest income on deposits has increased by ₹18.07 crore during the year as compared to previous year. Interest and late payment surcharge from customers has declined due to timely discharge of payments by the customers.

Others

Includes mainly write-back of excess provision, Hiring of Machinery, charges for Inter Connection Facility provided to M/s. JP Hydro etc.

2. Expenditure

Expenditure	₹(In crore)	
	Fiscal 2011	Fiscal 2010
Generation, Administration and Other Expenses	201.83	178.10
Depreciation	444.21	433.28
Provisions	(0.21)	(1.29)
Interest and Finance Charges	158.37	172.93
Total Expenditure(before prior period adj)	804.20	783.02

The total expenditure (before prior period adjustment) of the Company has increased by 2.70% to ₹804.20 crore in the fiscal 2011 from ₹783.02 crore in Fiscal 2010 mainly due to increase in Employees remuneration and benefits, Insurance Premium, Expenditure on IPO, CAT Plan expenditure, Fees to Power System Operation Corporation (POSOCO) for System Operation and Market Operation Charges etc. The total expenditure of the Company as a percentage of total income remained same in both the years at 41%.

Generation, Administration and Other Expenses

Generation, Administration and Other Expenses comprises primarily of Employees Remunerations and Benefits, Repair & Maintenance to Building and Plant & Machinery, Insurance, IPO Expenses, Catchment Area Treatment Expenses, Fees to Power System Operation Corporation for System Operation and Market Operation Charges, CSR Expenses etc.

Employees Remuneration & Benefits includes salaries and wages, allowances, incentives, Contribution to PF and Other Funds and Welfare expenses. These expenses account for approx. 10.53 % of total expenditure during fiscal 2011 as compared to approx. 09.52% of total expenditure during previous year. In absolute terms the employees cost has increased by ₹10.21 crore (13.70 %) mainly due to general increase in DA, annual increments etc.

The Remuneration & Benefit costs of employees pertaining to survey & investigation/construction projects is capitalised through "Expenditure during Construction" The company had 1880 employees including deputationists as on 31.03.2011 as compared to 1787 employees including deputationists as on 31.03.2010. The wage revision of employees w.e.f. 01.01.2006/01.01.2007 has been implemented during the current fiscal against the provisions made on this account

during earlier years.

Generation, Administration and Other Expenses, other than Employees Remuneration & Benefits represents approx. 14.56 % of our total expenditure during fiscal 2011 in comparison to approx. 13.22 % during fiscal 2010. In absolute terms the expenses were ₹117.11 crore in fiscal 2011 as compared to ₹103.59 crore during previous year. The increase is mainly due to increase in Insurance Premium expenditure, Fees to Power System Operation Corporation (POSOCO) for System Operation and Market Operation Charges, IPO Expenses, CSR Expenditure, Catchment Area Treatment expenditure etc. However Repair and Maintenance expenditure were reduced in comparison to previous year.

Foreign currency fluctuation adjustment on account of exchange rate variation during the fiscal 2011 was ₹4.16 crore as compared to ₹16.63 crore during previous year. However impact of same has been offset by billing the same to beneficiaries, which is accounted for through sale of energy.

Depreciation

As per the Accounting Policy of the Company, depreciation is charged on straight line method to the extent of 90 % of the cost of assets, following the rates notified by Central Electricity Regulatory Commission (CERC) for the purpose of fixation of Tariff except for some items for which depreciation is charged at the rates assessed by the company. Govt. of India, Ministry of Power vide resolution dated 6th January, 2006 has notified Tariff Policy in terms of section 3 of the Electricity Act, 2003. The said Tariff Policy inter-alia provides that rates of depreciation as notified by Central Electricity Regulatory Commission (CERC) would be applicable for the purpose of tariffs as well as accounting. CERC, while notifying regulation vide notification dated 19.01.2009, in exercise of power conferred under section 178 of the Electricity Act, 2003, has also notified the rates of depreciation as well methodology for computing such depreciation and Depreciation is to be provided up to 90 % of the cost of asset.

Since the rates of depreciation and methodology notified under Electricity Act, 2003 are inconsistent with the rates given in Schedule XIV of the Act and the former being special Act, the former shall prevail over rates notified under Schedule XIV of the Companies Act by virtue of section 616 (c) of the Companies Act.

The depreciation cost has increased by 2.52 % to ₹444.21 crore during the fiscal 2011 as compared to ₹433.28 crore during previous year. The depreciation cost has increased mainly due to increase in Gross Block by ₹139.95 crore.

Provisions

During the current fiscal the net provision of ₹0.21 crore has been written back in comparison to ₹1.29 crore during previous year. The write back of provisions was mainly on account of excess depreciation provided in earlier years.

Interest and Finance Charges

Interest charges mainly consist of interest on term loans, short term loans, arbitration awards, foreign currency loans etc. For accounting purposes, the borrowings are denominated in Rupees, including those in foreign currencies.

Finance charges are mainly on account of guarantee fees in connection with loan raised and rebate given to customers for timely payment as per the policy of the company. During the current fiscal, interest and finance charges decreased by 8.42 % to ₹158.37 crore in comparison to ₹172.93 crore during previous year mainly due to repayment of loans.



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Prior Period Adjustments

Certain elements of income and expenditure have been charged to the profit and loss account relating to previous years. For the fiscal 2011 a net amount of ₹4.58 crore was booked as prior period income whereas a net amount of ₹108.24 crore was charged as prior period expenditure mainly on account of write back of sales subsequent to decision of Hon'ble Supreme Court in similar case with regard to chargeability of tax on Advance against depreciation.

Profit before Tax

Profit before tax increased by 13.63 % to ₹1156.20 crore during fiscal 2011 as against ₹1017.47 crore during previous year due to the reasons explained above.

Provision for Taxation

The Company is availing tax holiday u/s 80 IA of the Income Tax Act, 1961 commencing from the F.Y.2004-05 and currently paying Minimum Alternate Tax (MAT). The Company provides for current tax, deferred tax and wealth tax as per the provisions of the Act. As per new tariff regulations applicable for the period 2009-14, tax is no more a pass through item. However, return on equity is grossed up with the applicable tax rate so as to recover income tax incidence. The provision for the current year including deferred tax was ₹244.07 crore as compared to ₹44.73 crore for the previous year. For the current fiscal the company provided ₹230.43 crore for current tax as compared to ₹172.92 crore for the fiscal 2010. The increase is mainly due to increase in profit before tax and increase in rate of MAT from 15% to 18%. Company has also provided for earlier year tax amounting to ₹63.66 crore on account of income tax demands/refunds pursuant to appellate/assessment orders for earlier years (explained in note no. 24 of Notes on Accounts, Sch-21) as against write back of ₹108.53 crore during previous year.

B. Financial Condition

1. Net Worth

Net Worth of the Company at the end of fiscal 2011 increased to ₹7205.52 crore from ₹6653.76 crore in the previous year registering an increase of 8.29 % due to increase in retained earnings which includes share premium on account of issue of shares on preferential basis to the GoHP. Correspondingly, the book value of shares has increased to ₹17.42 per share during current fiscal from ₹16.15 per share during previous year.

2. Liabilities and Provisions

	(₹In crore)	
	As of March 31,	
	2011	2010
Secured Loans	900.13	1053.97
Unsecured Loans	853.79	627.91
Income Received in Advance on Account of Advance against Depreciation	849.35	849.35
Current Liabilities & Provisions	1320.29	1254.09

Secured Loans

Secured Loans as on March 31, 2011 were ₹900.13 crore as against ₹1053.97 crore as on March 31, 2010. The Secured Loans includes borrowing from Domestic Financial Institutions and Banks. Over the last fiscal, the Secured Loan has registered a decrease of 14.60 % amounting to ₹153.84 crore.

- During the year company has repaid term loans of ₹253.53 crore drawn for Nathpa Jhakri Hydro Power Station (NJJHPS). These loans are secured against the fixed assets and book debts of NJJHPS.

- Company has also raised Short Term Loans secured against pledge of FDRs from Banks during the current fiscal. An amount of ₹99.69 crore is outstanding at the year end.

Unsecured Loans

Unsecured Loans as on March 31, 2011 were ₹853.79 crore as against ₹627.91 crore as on March 31, 2010. Unsecured Loans include borrowing from World Bank (IBRD) and Foreign Banks. The Unsecured Loans have registered an increase of 35.97 % amounting to ₹225.88 crore during current fiscal.

- The increase is due to drawl of loans from World Bank for Rampur Hydro Electric Project amounting to ₹298.30 crore.
- The Company has made repayments of loans amounting to ₹72.42 crore to foreign/domestic banks.

Income Received in Advance on Account of Advance against Depreciation

Advance against Depreciation (AAD) was receivable as a component of tariff in the initial years to facilitate repayment of loans upto 2008-09. However, the concept of AAD has been withdrawn in the new Tariff Policy notified by the CERC for the tariff period 2009-14. Advance against Depreciation amounting to ₹849.35 crore will be adjusted in subsequent years.

Current Liabilities & Provisions

The Current Liabilities and provisions as of March 31, 2011 and 2010, respectively were ₹1320.29 crore and ₹1254.09 crore. The Current Liabilities and provisions include sundry creditors, security deposits, retention money, provision for income tax, dividend, dividend tax, retirement benefits, interest on Arbitration Awards etc.

The current liabilities and provisions have increased by 5.28 % in Fiscal 2011 as compared to fiscal 2010 mainly on account of increase in provision for Dividend, Dividend Tax, retirement benefits and interest on Arbitration Awards.

3. Assets

	(₹In crore)	
	As of March 31,	
	2011	2010
Fixed Assets	8026.20	7929.09
Current Assets, Loans and Advances	3033.18	2490.32

i. Fixed Assets

Fixed Assets consists of net block after depreciation, Capital Work-in-Progress, Advance for Capital Works and Capital Stores and Spares. Gross Block includes Land, Building, Generating Plant & Machinery, Hydraulic Works (Dam, Tunnel etc.), Electrical Works, Office Equipment, Data Processing Equipment, Intangible Assets etc. The net block of the company has reduced by ₹313.79 crore to ₹6620.59 crore during current fiscal from ₹6934.38 crore during previous year.

- Gross block of the company have registered an increase of ₹139.95 crore mainly on account of additional capitalisation during the year.

- Depreciation on Gross Block during the year was ₹453.74 crores, resulting in decreased of Net Block by ₹313.79 crore (₹453.74-139.95).

ii. Current Assets, Loans and Advances

Current Assets, Loans and Advances consist of inventories, sundry debtors, cash and bank balances, other current assets and loans and advances. During the current fiscal the Current Assets, Loans and Advances were increased by ₹542.86 crore to ₹3033.18 crore from ₹2490.32 crore during previous year.



- **Inventories**

The inventories of the company is valued at lower of cost arrived at on weighted average basis and net realisable value. The inventories as at March 31, 2011 has registered a decline of ₹34.99 crore (59.63 %) to ₹23.68 crore in comparison to ₹58.67 crores during March 31, 2010 due to capitalisation of Capital spares.

- **Sundry Debtors**

Sundry Debtors mainly consists of receivables on account of sale of energy. Sundry Debtors as at March 31, 2011 and 2010 respectively are ₹264.50 crore and ₹189.29 crore. The increase of ₹75.21 crore is mainly due to tax demands for earlier years billed during March, 2011.

- **Cash and Bank Balances**

Cash and Bank Balances as on March 31, 2011 stood at ₹2063.78 crore in comparison to ₹1542.39 crore as at March 31, 2010. Cash and Bank Balance includes mainly balances in Term Deposits and Current Accounts. The increase of ₹521.39 crore is on account of investment of surplus funds with Banks.

- **Other Current Assets**

Other Current Assets as at March 31, 2011 and 2010 respectively stood at ₹76.44 crore and ₹53.54 crore and represents interest accrued but not due on term deposits. The increase of ₹22.90 crore is due to increase in deposits with banks.

- **Loans and Advances**

The Loans and Advances as at March 31, 2011 and 2010 respectively stood at ₹604.78 crore and ₹646.43 crore and comprises of loans to employees, advances recoverable from suppliers/contractors and others, Advance Tax, TDS, Deposit with Government Departments for Deposit Works etc. The net loans and advances have decreased by ₹41.65 crore mainly due to decrease in advance tax deposits on account of completion of assessment of earlier years.

- **C. Internal Control Systems**

The company has adequate control systems and the transactions/ processes are guided by delegation of powers, documented policies, guidelines and manuals in compliance with relevant laws and regulations. The Organizational structure is well defined in terms of the structured authority/responsibility involved at each particular hierarchy/ level.

In order to ensure that all checks and balances are in place and internal control systems are in order, regular internal audit is conducted by firms of Chartered Accountants in close coordination with Company's own Internal Audit Department. Significant Audit Observations and Action Taken Reports are placed before the Audit Committee headed by an Independent Director. The recommendations and directions of the Audit Committee are carried out and complied with.



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Annexure-A (Ref:para 12(b)) REPORT ON CORPORATE GOVERNANCE

SJVN continuously strive to bring the best practices expected by all the stake holders in the conduct of business. The company was Listed on 20th May 2010 with NSE & BSE.

1. BOARD OF DIRECTORS

1.1 Size of the Board

SJVN is a Government Company within the meaning of Section 617 of the Companies Act, 1956. The present share-holding is 65:25:10 between the Government of India, Government of Himachal Pradesh and the Public. As per Articles of Association, the power to appoint Directors vests in the President of India. The Strength of the Board shall not be less than 6 and not more than 15. These numbers include all whole-time, part-time Directors.

1.2 Composition & Tenure of the Board

As on 30th June 2011, the Board comprises of 8 members, consisting of 4 whole-time Directors; 2 part-time official-directors representing Government of India and Government of Himachal Pradesh and 2 Independent Directors. As per the Listing Agreement, 50% of the Board should consist of Independent Directors, thus, 4 vacancies need to be filled up. The Government of India, Ministry of Power, has been

requested to fill up the vacancies to ensure compliance with the Listing Agreement.

All the Functional Directors are appointed for a period of 5 years or till superannuation or till further instructions whichever event occurs earlier. The age limit of the Functional (whole-time) Directors including Chairman & Mg. Director is 60. Government Nominee Directors representing Government of India and Government of Himachal Pradesh retire from the Board on ceasing to be officials of the Ministry/Administrative Department. Independent Directors are appointed for a period of 3 years.

1.3 Board Meetings

The Board Meetings are held normally at New Delhi to facilitate participation by maximum number of Directors. Meetings are also held at Shimla. During the financial year 2010-11, 11 Board Meetings were held on 13th April, 26th May, 06th July, 30th July, 27th Aug., 15th Sept., 29th Oct., 09th Dec., 08th Jan., 10th Feb., and 25th Feb. The maximum interval between any two meetings during this period was 45 days.

Details of Board Meetings, attendance of the Directors, etc. for the year are as under:

Sr. No.	Directors	Meetings held during respective tenure of Directors	No. of Board Meetings attended	Attendance at last AGM (22nd) held on 15.09.10	No. of other Directorship held on 31.03.11	No. of Committee memberships in other companies on 31.03.11	
						As Chairman	As Member
A	Functional Directors						
1	Shri H.K. Sharma Chairman & Mg. Director	11	11	Yes	Ceased as CMD with effect from 25 th Feb 2011		
2	Shri R.S. Katoch Director (Personnel)	11	11	Yes	Retired from services with effect from 28 th Feb 2011		
3	Shri R.P.Singh Director (Elec) & CMD	11	10	Yes	Nil	Currently holding charge of CMD	
4	Shri R.N.Misra Director (Civil)	10	10	Yes	Nil	---	---
5	Shri A.S.Bindra Director (Finance)	03	03	n/a`	Nil	---	---
6	Shri N.L. Sharma Director (Personnel)	Nil	Nil	n/a	Joined as Director on 22 nd March 2011		
B	Part Time Off. Directors						
7	Shri Sudhir Kumar JS (H), Ministry of Power	11	02	no	06	Nil	Nil
8	Shri Deepak Sanan Pr. Secy (Power), GOHP	11	08	Yes	05	Nil	Nil
C	Independent Directors						
9.	Shri S.M. Lodha	11	08	no	05	Nil	Nil
10	Shri K.S. Sarma	11	09	Yes	03	01	01
11	Shri K.S.Gill	11	09	Yes	Nil	Nil	Nil
12	Ms Bharti Prasad	11	11	Yes	01	Nil	Nil
13	Shri Ravi Dhingra	11	09	Yes	Nil	Nil	Nil



2. Code of Corporate Governance

SJVN developed a Code of Corporate Governance duly approved by the Board. The Code was formulated keeping in view the guidelines of the DPE, Secretarial Standards of the Institute of Company Secretaries of India.

The Code consists of:

- Matters to be placed before the Board,
- Various Committees, functions, responsibilities, and,
- matters to be stated in the Annual Report.

The Code is also placed on the website of the Company, namely, www.sjvn.nic.in for information of general public.

3. Audit Committee

As on 31st March 2011, the following Directors were the Members of the Audit Committee:

- Shri K.S.Sarma, Independent Director, as Chairman
- Shri S.M.Lodha, Independent Director, as Member
- Shri K.S.Gill, Independent Director, as Member
- Shri Deepak Sanan, Pr. Secretary (Finance), GOHP, as Member

During the financial year 2010-11, 7 (seven) Audit Committee Meetings were held on 13th Apr., 06th Jul., 30th Jul., 15th Sept., 28th Oct., 19th Nov., and 01st Feb.2011. The details of attendance in the Audit Committees are as under:

Sr. No	Name	No. of Meetings held during tenure	No. of Meetings attended
1	Shri KS Sarma	7	5
2	Shri SM Lodha	7	4
3	Shri KS Gill	7	7
4	Shri Ajay Tyagi	1	Nil
5	Shri Deepak Sanan	6	5

4. Remuneration Committee

As on 31st March 2011, the Remuneration Committee consists of:

- Shri K.S.Gill, Independent Director, as Chairman
 - Shri K.S.Sarma, Independent Director, as Member
 - Shri Deepak Sanan, Part-time official Director as Member
- SJVN being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. The scope of work for the Remuneration Committee is apart from the Performance Related Pay for Executives and Non-Unionised Supervisors as required under the DPE Guidelines, all the HR related issues shall be considered by the Committee and thereafter the Recommendations are placed before the Board for further consideration.

5. Investors Grievance Committee

As on 31st March 2011, the Committee consists of the following Members

- Ms Bharti Prasad, Independent Director, as Chairman
- Shri Ravi Dhingra, Independent Director, as Member
- Chairman & Mg. Director, SJVN Ltd. as Member

During the Financial Year 2010-11, there were 5 (five) Meetings held on 13th Apr., 30th Jul., 16th Sept., 21st Dec., and 11th Feb 2011.

Sr. No	Name	No. of Meetings held during tenure	No. of Meetings attended
1	Ms Bharti Prasad	5	5
2	Shri Ravi Dhingra	5	4
3	Shri H.K.Sharma	5	5

5.1 Status of Investors Complaints

Status of investors complaints for the financial year 2010-11 is as under:

Particulars	Opening	Received during the year	Resolved during the year	Pending (31.03.2011)
Complaints	Nil	1114	1035	79

6. Committee for Allotment and Post-Allotment Activities

As on 31st March 2011, the Committee consists of Chairman & Mg. Director and two of the whole time Directors. The scope of work of the Committee is to address Share Allotment, issue of certificates, letter of allotment, transfer, transmission, rematerialisation, issue of duplicate certificates, consolidation, split and any other related functions.

7. Investment Policy Committee

As on 31st March 2011, the Committee consists of:

- Shri S.M.Lodha, Independent Director
- Shri Sudhir Kumar, Joint Secretary (H), MoP
- Shri Deepak Sanan, Pr. Secretary (Power), GoHP
- Shri A.S.Bindra, Director (Finance). SJVN Ltd.

The Committee shall address Treasury Operation Guidelines for investment of surplus funds, investment proposals in new projects including joint ventures etc., borrowings for long term capital requirements etc.

8. Investment Committee

As on 31st March 2011, the committee consists of whole time Directors. The scope of work of the Committee is to invest surplus money as may be available with the Company from time to time as short-term investments as per DPE/Ministry of Finance guidelines and place the status of investments including short-term loans availed, if any, before the Board on quarterly basis.

9. Empowered Committee

As on 31st March 2011, the Committee consists of whole time Directors only. The scope of work of the Committee is to exercise the powers on specified items as approved by the Board of Directors in its 174th Meeting held on 15th September 2008.

10. Modifications in the Committees

Subsequent to the changes in the Board on account of appointment and cessation of various Directors, the changes in the Committees as on 30th June 2011 are as under:

- Audit Committee** – Presently consists Ms Bharti Prasad as Chairman, Shri Ravi Dhingra and Shri Deepak Sanan as Members.
- Committee for Allotment and Post Allotment Activities** – Presently consists of Chairman & Mg. Director and one whole-time Director.
- Investment Committee** – Presently consists of Chairman & Mg. Director, Director (Finance) and Director (Personnel).

11. Remuneration details of Directors

During the Financial year 2010-11, the remuneration details of functional directors are as under:

(In ₹)

Sr.No.	Name of the Director	Salary	Benefits	Total
1.	Shri H.K.Sharma	19,65,484	3,57,109	23,22,593(a)
2.	Shri R.S.Katoch	17,25,327	8,59,382	25,84,709(b)
3.	Shri R.P.Singh	16,99,982	4,53,128	21,53,110
4.	Shri R.N.Misra	13,93,852	2,83,512	16,77,364
5.	Shri A.S.Bindra	4,12,220	58,193	4,70,413(c)
6.	Shri N.L.Sharma	51,572	5,456	57,028(d)



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1. Note: Performance Related Pay for the year 2010-11 is not paid and hence not included.
2. (a) & (b) ceased as directors on 25th & 28th Feb 2011 respectively.
3. (c) joined on 09th December 2010
4. (d) joined on 22nd March 2011

11.1

The Sitting Fee paid to Independent Directors during the financial year 2010-11 is as under:

(In ₹)

Sr. No.	Name of the Director	Board Meetings	Audit Committee	Other Meetings	Total
1.	Shri S.M.Lodha	95,000	50,000	1,35,000	2,80,000
2	Shri K.S.Sarma	1,10,000	55,000	1,45,000	3,10,000
3	Shri K.S.Gill	1,10,000	75,000	1,10,000	2,95,000
4.	Ms Bharti Prasad	1,30,000	nil	80,000	2,10,000
5.	Shri Ravi Dhingra	1,10,000	nil	50,000	1,60,000

11. CODE OF CONDUCT

The Board of Directors has laid down Code of Conduct for Board Members and Senior Management above the level of Deputy General Manager. In this regard, the declaration given by the Chairman & Mg. Director is reproduced below:

All the Members of the Board and Senior Management personnel have affirmed compliance of the Code of Conduct for the financial year ended 31st March 2011

(R.P. Singh)
Chairman & Mg. Director

11.1 CODE OF INSIDER TRADING

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, read with amendments to the Regulations 2008, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and sale of shares by the Insider on the basis of unpublished price sensitive information.

12. GENERAL BODY MEETINGS

12.1 Annual General Meeting

Date, time and location where the last three annual general meetings were held are as under:

- a) 20th Annual General Meeting was held on 30th August 2008 at 1930 hrs in Hotel Holiday Home, Shimla, Himachal Pradesh.
- b) 21st Annual General Meeting was held on 10th September 2009 at 1730 hrs in Hotel Destination, Kandaghat, Himachal Pradesh.
- c) 22nd Annual General Meeting was held on 15th September 2010 at 1600 hrs in Hotel Peter-hoff, Shimla, Himachal Pradesh.

12.2 Postal Ballot

There was no requirement for seeking approval of the Members by Postal Ballot and any decision for matters requiring approval of shareholders through postal ballot system will be obtained as prescribed in the Companies Act 1956.

12.3 Disclosures

The Company, during the year, has not entered in to any transaction of material nature with the Directors of the Company that may have potential conflict with the interests of the Company.

13 CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement(s), the Certificate duly signed by Shri R.P.Singh, Chairman & Mg. Director and

Shri A.S.Bindra, Director (Finance) was placed before the Board of Directors at the Meeting held on 14th July 2011 which is reproduced as under:

We, R.P.Singh, Chairman & Mg. Director and A.S.Bindra, Director (Finance) to the best of our knowledge and belief, certify that:

- a) we have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts and the Cash flow statement for the year ended 31st March 2011 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) to the best of our knowledge and belief, no transactions were entered into by the company during the year, which are fraudulent, illegal or violative of the company's various code(s) of conduct
- c) we are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies;
- d) we have indicated to the company's auditors and the Audit Committee
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any in accounting policies during the year and the same have been disclosed in the notes to the financial statements, and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

(A.S. Bindra)
Director (Finance)

(R.P. Singh)
Chairman & Managing Director

14 MEANS OF COMMUNICATION

The Company communicates with its shareholders through its Annual Report, General Meetings, issue based correspondence and disclosures through website.

The Company also communicates with its institutional shareholders through a combination of analysts briefing and individual discussions as also participation at investor conferences from time to time. Financial results are discussed by way of conference calls after the close of each quarter.

The financial results of the company for the year ending 31st March 2011 were published on 31st May 2011 in Navbharat Times, Financial Express, Business Line, Mail Toay, Dainik Jagran and The Tribune.



15 SHAREHOLDERS' INFORMATION

- i. **AGM: Date, Time and Venue:** **Date:** 26th August 2011
Time: 1600 HRS
Venue: Hotel Peterhoff, Chaura Maidan, Shimla – 171004, Himachal Pradesh
- ii. **Financial Year:** 2010-11
- iii. **Dates of Book Closure:** 20th August 2011 to 26th August 2011 (both days inclusive)
- iv. **Dividend Payment Date:** 31st August 2011 onwards
- v. **Listing on Stock Exchanges:** 20th May 2010
- vi. **Stock Code & Market Price Data**

Month	National Stock Exchange (NSE)		Bombay Stock Exchange (BSE)	
	SJVN-EQ		533206	
	High	Low	High	Low
May 2010	27.10	23.90	28.00	23.90
Jun 2010	27.10	23.05	24.75	20.00
Jul 2010	25.40	23.70	25.20	23.70
Aug 2010	25.10	23.60	28.00	23.65
Sept 2010	25.20	23.40	25.30	23.45
Oct 2010	25.80	23.90	25.80	23.90
Nov 2010	25.80	22.25	25.00	22.25
Dec 2010	23.85	20.65	23.55	20.65
Jan 2011	23.45	20.85	23.40	20.90
Feb 2011	21.80	20.10	22.70	20.00
Mar 2011	22.25	19.35	22.30	19.40

- vii. **Performance in comparison to broad based indices BSE and NSE as on 31st March 2011**
Close price as on 31st March 2011 in BSE: ₹ 22.10 and NSE: ₹ 22.20
- viii. **Registrar and Share Transfer Agent**
Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078
Telephone.: +91 22 2596 0320 Fax No.: +91 22 2596 0329
Email ID: sjvn.ipo@linkintime.co.in Website: www.linkintime.co.in

ix. Share Transfer System

Entire share transfer activities under physical segment are being carried out by Link Intime India Pvt Ltd. and are approved by Sub-Committee of Board for Allotment and Post-Allotment activities.

x. Distribution of Shareholding as on 31st March 2011

As on 31st March 2011, the share holding of the Company was held by the Government of India, Government of Himachal Pradesh and the Public in the ratio of 65:25:10

xi. Dematerialization of Shares and liquidity as on 31st March 2011

The equity shares held by President of India comprising 74.5% as on 13th April 2010 of the paid up capital were dematerialized with effect from 09th April 2010. The equity shares held by the Governor of Himachal Pradesh comprising 25.5% of the paid up capital are, however, held in physical form. Secretarial Audit Report for reconciliation of the share capital of the company obtained from Practising Company Secretary quarterly for the financial year 2010-11 has been submitted to stock exchanges within the stipulated time.

xii. Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity - NIL

xiii. Plant/ Project Office locations:

- Nathpa Jhakri Hydro Power Station** - Post Office Jhakri, District Shimla, Himachal Pradesh, Pincode – 172 201
- Rampur Hydro Electric Project** - Post Office Jhakri, Tehsil Rampur Bushahr, District Shimla, Himachal Pradesh, Pincode – 172 201
- Luhri Hydro Electric Project** - VPO Sunni, Tehsil Sunni, District Shimla, Himachal Pradesh, Pincode – 172 301
- Devsari Hydro Electric Project** - Tharali, District Chamoli, Uttarakhand, Pincode – 246 481
- Naitwar-Mori and Jakhol Sankri Hydro Electric Projects** - Mori, Uttarkashi, Uttarakhand, Pincode – 249 185
- Dhulasidh Hydro Electric Project** - House No. 113, Ward No. 1, Krishna Nagar, Hamirpur – 177 001, District Hamirpur, Himachal Pradesh
- Arun – III Hydro Power Project** - Red Cross Building, Khandbari, District Sakhuwasabha, Nepal
- Kholongchu & Wangchhu Hydro Electric Projects** - Village Zangpozor, P.O. Duksum, District Trashiyangtse, Bhutan

xiv. Address for Correspondence:

Company Secretary, SJVN Limited, Himfed Building, New Shimla - 171 009, Himachal Pradesh Tel: +91 177 2672324, Fax: +91 177 2670737, E-mail: psr.murthy@sjvn.nic.in, Website: www.sjvn.nic.in.

Annexure-A (Ref:para 12(c&d))

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988

1. CONSERVATION OF ENERGY

- installation of Lighting Voltage Controller
- Replacement of HPSV lamps with induction lamps
- Energy audit of illumination & generating units & Auxillaries
- Performance Evaluation of Generating Units & Auxillaries

2. TECHNOLOGY ABSORPTION

- NJHPS is first hydro power station which has replaced regular Coal Tar epoxy coating system with brush able ceramic for protection against silt erosion and cavitations, for its conical inlet pipe, MIV Rotor and Spiral casing. This has resulted into reduced downtime of machine, extended life of components and increased smoothness of surfaces/hydraulic efficiency.

- NJHPS installed Sytem for fault identification and removal through online DC insulation. This system will help in early diagnosis of the fault in electrical system.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the year. The total foreign exchange outgo during the year was ₹74.63 crore on account of interest on foreign currency loans, payment to contractors and import of equipment etc.

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT 1956

The information under Section 217(2A) of the Companies Act, 1956, for the year ending 31st March, 2011 is nil.



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Auditors' Report

Annexure-'B'

To the Members of SJVN Limited

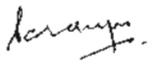
We have audited the attached Balance Sheet of SJVN Limited (formerly Satluj Jal Vidyut Nigam Limited) as at 31st March 2011, and the Profit & Loss Account and also the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such examination of the books and records of the Company as we considered appropriate and the information and explanations given during the course of audit, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- 2) As the Electricity Act, 2003, governs the Company, the provisions of the said Act read with rules there under have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
- 3) We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account, as required by law,

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In terms of Department of Company Affairs GSR 829 (E) dated 21st October 2003, Government Companies are exempt from applicability of provisions of Section 274 (1) (g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Significant Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in case of Profit & Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Hingorani M. & Co.
Chartered Accountants
Firm Registration No. 006772N


(Pardeep Kumar)
Partner
M.No. 085630

Place : New Delhi
Date : 30.05.2011

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF SJVN LIMITED FOR THE YEAR ENDED 31st MARCH, 2011

- (i)(a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As per the information and explanations given to us, fixed assets are physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on such verification were not material.
- (c) Since there is no disposal of a substantial part of fixed assets during the year, in our opinion, the going concern status of the company is not affected.
- (ii)(a) The inventory of the company consisting of stores and spare parts has been physically verified by the management at reasonable intervals.
 - (b) The procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories, wherever material, have been properly dealt with in the books of accounts.
 - (iii)(a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) Not applicable in view of para (a) above.
 - (c) Not applicable in view of para (a) above.
 - (d) Not applicable in view of para (a) above.

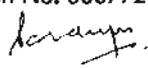


- (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (f) Not applicable in view of para (e) above.
- (g) Not applicable in view of para (e) above.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchase of stores and spare parts, fixed assets and for the sale of the power & services. There is no major weakness in internal control systems.
- (v)(a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) Not applicable in view of para (a) above.
- (vi) The company has not accepted any deposits from the public in terms of section 58A and 58AA and other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system, which is generally commensurate with the size and nature of its business. *However, we are of the views that follow up of the reports, including compliance, needs to be improved.*
- (viii) In our opinion and as informed to us, the company has maintained cost records as required under Section 209 (1) (d) of the Companies Act, 1956. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix)(a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. We are informed that the provisions of Employees' State Insurance Act are not applicable to the company.
- (b) According to the information and explanations given to us, dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues that have not been deposited on account of any dispute are given below:

Name of the Statute	Nature of the Dues	Amount (₹ in Lakh)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty Penalty	1.00	CESTAT
Finance Act, 1994	Service Tax	1236.00	Commissioner Excise & Service Tax, Chandigarh

- (x) The company has neither accumulated losses as at the end of the financial year nor has incurred any cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to financial institution or banks. The company has not issued any debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities and other investments.
- (xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The terms loans were applied for the purpose of which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has made preferential allotment of 2,78,12,500 equity shares of ₹ 10 each, at a premium of ₹ 4.72 per share to Govt. of Himachal Pradesh during the year. In our view, the terms and conditions of aforesaid allotment are not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures during the year.
- (xx) As the company has not raised money by public issues during the year, this clause is not applicable.
- (xxi) As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Hingorani M. & Co.
Chartered Accountants
Firm Registration No. 006772N


(Pardeep Kumar)
Partner
M.No. 085630

Place : New Delhi
Date : 30.05.2011

MANAGEMENT'S REPLY ON STATUTORY AUDITORS COMMENTS ON ANNUAL ACCOUNTS OF SJVN LIMITED FOR THE YEAR 2010-11

STATUTORY AUDITORS COMMENTS

In our opinion, the company has an internal audit system, which is generally commensurate with the size and nature of its business. *However, we are of the views that follow up of the reports, including compliance, needs to be improved.*

MANAGEMENT REPLY

The report of the Internal Auditors is sent to the concerned department for replies/ compliance. Un-settled observations of the auditors are taken up at the HOP/HOD level. Thereafter, the qualifications are placed for review of Directors/Audit Committee. However, a senior Executive has now been posted in Internal Audit department to expedite the follow up and compliance of the reports.



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Annexure 'C'



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SJVN LIMITED, SHIMLA, FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of SJVN Limited, Shimla, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of SJVN Limited, Shimla, for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(M.K. Biswas)

Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place: New Delhi
Dated: 20 June 2011

Appendix - I

ASHU GUPTA & CO.
COMPANY SECRETARIES

2607/9, Chuna Mandi,
Pahar Ganj, New Delhi-55
Tel.: 011-65569127, 9899021740
E-mail: ashugupta.cs@gmail.com

COMPLIANCE CERTIFICATE CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of SJVN Limited.

We have examined the compliance of conditions of corporate governance by SJVN Limited, for the year ended on 31st March, 2011 as stipulated in clause 49 of the listing agreement(s) of the said company with stock exchange(s) in India.

The compliance conditions of Corporate Governance are the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and the representations made by the management, we certify that the Company has complied with the mandatory conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency for effectiveness with which the management has conducted the affairs of the Company.

for **ASHU GUPTA & CO.**
Company Secretaries

ASHU GUPTA
Proprietor C.P. No. 6646

Place : New Delhi
Dated: 14th July, 2011

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BALANCE SHEET AS AT 31ST MARCH, 2011

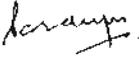


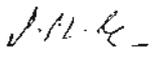
(₹ in Lakh)

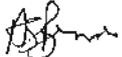
	Schedule No	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	413,663	410,881
Share Application Money Pending Allotment		-	1,670
Reserves and Surplus	2	306,889	252,825
		720,552	665,376
LOAN FUNDS			
Secured Loans	3	90,013	105,397
Unsecured Loans	4	85,379	62,791
		175,392	168,188
INCOME RECEIVED IN ADVANCE			
Advance Against Depreciation		84,935	84,935
Total		980,879	918,499
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	879,485	865,490
Less: Depreciation		217,426	172,052
Net Block		662,059	693,438
Capital Works In Progress	6	123,009	81,494
Advances for Capital Works	7	16,541	16,839
Capital Stores and Spares	8	1,011	1,138
		802,620	792,909
INVESTMENTS			
	9	-	-
DEFERRED TAX ASSET		6,970	1,967
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	2,368	5,867
Sundry Debtors		26,450	18,929
Cash and Bank Balances		206,378	154,239
Other Current Assets		7,644	5,354
Loans and Advances		60,478	64,643
		303,318	249,032
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	41,020	42,748
Provisions	12	91,009	82,661
		132,029	125,409
NET CURRENT ASSETS			
		171,289	123,623
Significant Accounting Policies	20		
Notes on Accounts	21		
Total		980,879	918,499

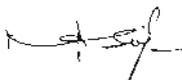
Schedules 1 to 21 form an integral part of the Accounts

As per our report of even dated attached
For Hingorani M & Co.
Chartered Accountants


Pardeep Kumar
Partner
M.No.085630


P.S.R. Murthy
Company Secretary


A.S. Bindra
Director (Finance)


R.P. Singh
Chairman & Managing Director

Place: New Delhi
Date : May 30, 2011



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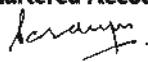


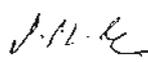
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

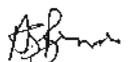
(₹ in Lakh)

	Schedule No	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME			
SALES	13	181,267	176,974
OTHER INCOME	14	14,315	13,899
Total		195,582	190,873
EXPENDITURE			
Generation , Administration and Other Expenses	15	20,183	17,810
Depreciation		44,421	43,328
Provisions	16	(21)	(129)
Interest and Finance Charges	17	15,837	17,293
Total		80,420	78,302
Profit Before Tax and Prior Period Adjustments		115,162	112,571
Prior Period Adjustments(Net)	18	(458)	10,824
PROFIT BEFORE TAX		115,620	101,747
Provision for Taxation			
- Current Tax		23,043	17,292
- Adjustment for earlier years (Note 24, Sch.-21)		6,366	(10,853)
- Wealth Tax		1	1
- Deferred Tax Liability/(Asset)		29,410	6,440
		(5,003)	(4,608)
- Deferred Tax Liability/(Asset) for earlier years		-	29,276
Less: Deferred Tax Payable Adjustment		-	26,635
		-	2,641
PROFIT AFTER TAX		91,213	97,274
Balance brought forward from last Year		252,825	193,853
Total available for Appropriation		344,038	291,127
Appropriations			
Dividend			
- Interim		-	8,000
- Final Proposed		33,093	24,820
Total Dividend		33,093	32,820
Tax on Dividend			
- Interim		-	1,360
- Final Proposed		5,369	4,122
Total Tax on Dividend		5,369	5,482
Balance carried to Balance Sheet		305,576	252,825
Total		344,038	291,127
Earnings Per Share - Basic and Diluted (in ₹) (Note 17, Sch.-21)		2.21	2.37

As per our report of even dated attached
For Hingorani M & Co.
Chartered Accountants


Pardeep Kumar
Partner
M.No.085630


P.S.R. Murthy
Company Secretary


A.S. Bindra
Director (Finance)


R.P. Singh
Chairman & Managing Director

Place: New Delhi
Date : May 30, 2011

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Schedule - 1

SHARE CAPITAL

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
AUTHORISED		
7,000,000,000 Equity Shares of ₹10/- each (Previous Year: 7,000,000,000 Equity Shares of ₹10/- each)	700,000	700,000
ISSUED, SUBSCRIBED AND PAID UP		
4,136,626,500 Equity Shares of ₹10/- each fully paid up (Previous Year: 4,108,814,000 Equity Shares of ₹10/- each)	413,663	410,881
[Includes 14,692,300 Equity Shares of ₹10/- each (Previous Year: 14,692,300 Equity Shares of ₹10/- each) allotted as fully paid up for consideration other than cash]		
Total	413,663	410,881

Schedule - 2

RESERVES AND SURPLUS

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	-	-
Add: Addition during the year	1,313	-
Less: Adjustment/Deduction during the year	-	-
Total	1,313	-
PROFIT & LOSS ACCOUNT	305,576	252,825
Total	306,889	252,825

Schedule - 3

SECURED LOANS

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
TERM LOAN*		
Power Finance Corporation Ltd.	53,925	68,305
REC Limited	14,278	19,989
Life Insurance Corporation of India	11,841	17,103
	80,044	105,397
Short Term Loan from Banks #	9,969	-
(Secured by pledge of FDRs of ₹11662 Lakh)		
Total	90,013	105,397
Amount due for repayment within a year.	35,323	25,354

*Secured by equitable mortgage/hypothecation of all present & future fixed assets and book debts of NJHPS as first charge ranking pari passu with charge already created subject to negative lien on the equipment financed under foreign currency loans shown in Schedule-4.

Details of Short Term Loan:

Punjab National Bank	3,039	-
Union Bank of India	6,930	-
Total	9,969	-



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Schedule - 4

UNSECURED LOANS

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
Foreign Currency Loans (Guaranteed by Govt. of India)		
World Bank (IBRD)	79,592	49,762
Other Loans: *		
- Eksportfinans, Norway	1,465	2,779
- Nordic Investment Bank, Finland	2,137	2,696
- Banque Nationale De Paris, France	2,185	4,192
	5,787	9,667
Short Term Loan from Vijaya Bank	-	3,362
Total	85,379	62,791
 Amount due for repayment within a year	 4,184	 7,385

*With covenant of negative lien on the equipment financed under the respective loans ranking pari-passu.

Schedule - 5
FIXED ASSETS
(₹ in Lakh)

Sl.No. Particulars	Gross Block		Depreciation		Net Block	
	As at 01-04-2010	As at 31-03-2011	For the year 01-04-2010	Deductions/ Adjustments 31-03-2011	As at 31-03-2011	As at 31-03-2010
1 Land(Freehold)	12,354	12,391	-	-	12,391	12,354
2 Land(Leasehold)	36	36	2	-	34	34
3 Buildings*	74,187	75,564	2,636	1	60,287	61,545
4 Roads and Bridges	6,250	6,353	237	-	5,477	5,611
5 Plant and Machinery**	1,275	1,289	54	6	716	750
6 Generating Plant and Machinery	185,339	190,369	10,974	(488)	139,033	145,465
7 Hydraulic Works(Dam, Tunnel, etc.)	571,702	578,135	31,094	23	438,926	463,564
8 Vehicles	233	283	17	3	137	101
9 Furniture, Fixture and Equipments	630	773	50	1	456	362
10 Electrical Works	2,283	2,287	127	-	1,756	1,879
11 Electrical Equipments	99	137	14	-	86	62
12 Office Equipments	803	947	61	3	606	520
13 Data processing Equipments	1,878	1,162	143	592	391	658
14 Intangible Assets:						
...Software	245	311	28	21	102	43
...Expenditure on Compensatory Afforestation	500	500	101	-	2	103
15 Capital Assets not owned by Company	7,676	8,948	7,289	-	1,659	387
Total:	865,490	879,485	45,536	162	662,059	693,438
Previous Year :	862,455	8,494	5,459	2,163	172,052	731,944

Depreciation for the year is allocated as under:-
Charged to Profit and Loss Account 43,328
Charged to Incidental Expenditure During Construction (Schedule-19) 377
Charged to Prior Period (Schedule-18) (1)
Fixed Assets costing ₹ 5000 or less procured and depreciated fully during the year. 35

* Buildings includes ₹ 4.18 Lakh (Previous Year NIL) being damaged assets for which provision has been made.
** Plant & Machinery includes NIL (Previous Year ₹ 0.67 Lakh) being lost/damaged assets for which provision has been made.

Schedule - 6
CAPITAL WORKS IN PROGRESS
(₹ in Lakh)

Sl.No. Particulars	As at 01-04-2010		Transfers/ Adjustments	Total		Balance As at 31-03-2011
	As at 01-04-2010	Additions		As at 31-03-2011	Capitalised During the year	
1 Buildings	1,189	1,106	13	2,282	969	1,313
2 Civil Works	41,892	30,250	42	72,100	220	71,880
3 Roads, Bridges & Culverts	575	301	-	876	103	773
4 Plant and Machinery	-	77	-	77	37	40
5 Electrical Works	-	26	-	26	-	26
6 Material with Contractors (Electro Mechanical Packages)	599	2,511	-	3,110	90	3,020
7 Preliminary	7,349	1,378	1,379	7,348	-	7,348
8 Capital Assets not owned by Company	1,223	111	2	1,332	1,280	52
9 Expenditure During Construction (Schedule-19)	28,667	9,890	-	38,557	-	38,557
Total	81,494	45,650	1,436	125,708	2,699	123,009
Previous Year	56,922	31,656	5,562	83,016	1,522	81,494



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Schedule - 7

ADVANCES FOR CAPITAL WORKS

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
Secured	1,594	357
Unsecured - Considered Good		
Covered by Bank Guarantees	12,739	16,040
Others	2,208	442
	14,947	16,482
Total	16,541	16,839

Schedule - 8

CAPITAL STORES & SPARES

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
CONSTRUCTION STORES (As taken, valued and certified by the Management)		
Steel	54	54
Cement	-	3
	54	57
CAPITAL STORES		
Material in Transit	957	1,081
Total	1,011	1,138

Schedule - 9

INVESTMENTS

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
Non Trade - Others Unquoted (at Cost)		
60 Fully Paid up Ordinary Shares of ₹ 50/- each in NJP Employees Consumer Co-operative Store, Jhakri (₹ 3000/-)	-	-
Total	-	-

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Schedule - 10

CURRENT ASSETS, LOANS AND ADVANCES

(₹ in Lakh)

	As at 31st March, 2011	As at 31st March, 2010
CURRENT ASSETS:		
1. INVENTORIES (As taken, valued and certified by the Management)		
Loose Tools	5	5
Components and Spares	1,273	3,032
Consumable Stores & Spares	1,069	2,811
Surplus Stores/Equipments	1,558	1,343
	<u>3,905</u>	<u>7,191</u>
Less: Provision for surplus stores/equipments and shortages	1,537	1,336
	2,368	5,855
Material in Transit	-	12
	<u>2,368</u>	<u>5,867</u>
2. SUNDRY DEBTORS (Unsecured considered good)		
- Outstanding for period exceeding six months	105	669
- Others	26,345	18,260
	<u>26,450</u>	<u>18,929</u>
3. CASH & BANK BALANCES		
-Cash on Hand (₹30,000/-, Previous Year ₹31,705/-)	-	-
-Cheques & Drafts in hand	1	88
-Stamps in hand	-	1
-Remittances in Transit	-	53
Balance with scheduled banks :		
- In Current Account	6,174	789
- In Term Deposits #	200,019	153,283
	<u>206,194</u>	<u>154,214</u>
Balance with other banks:		
- In Current Account *	184	25
	<u>206,378</u>	<u>154,239</u>
4. OTHER CURRENT ASSETS		
Interest Accrued but not due		
- On Term Deposits with Banks	7,644	5,354
5. LOANS AND ADVANCES \$		
Loans to Employees		
- Secured	959	848
- Unsecured(considered good)	488	254
	<u>1,447</u>	<u>1,102</u>
Advances recoverable in cash or in kind or for value to be received		
a) Contractors & Suppliers		
- Unsecured (considered good)	2,624	5,014
- Considered doubtful	10	10
	<u>2,634</u>	<u>5,024</u>
Less: Provision for doubtful advances	10	10
	2,624	5,014
b) Govt. Deptts. for Deposit Works	2,929	3,572
Less: Provision for Expenditure	762	824
	<u>2,167</u>	<u>2,748</u>
c) Employees [including imprest]	513	131
d) Others		
- Unsecured (considered good)	11,650	445
- Considered doubtful	7	7
	<u>11,657</u>	<u>452</u>
Less: Provision for doubtful advances	7	7
	<u>11,650</u>	<u>445</u>



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Schedule - 10

CURRENT ASSETS, LOANS AND ADVANCES

(₹ in Lakh)

	As at 31st March, 2011		As at 31st March, 2010	
e) Deposits with:				
- Government Departments	868		525	
- Other	15		8	
		883		533
f) Prepaid Expenses		579		623
g) Deferred Foreign Currency Fluctuation Assets		517		(246)
h) Advance Tax and TDS		39,565		53,817
i) Interest Accrued on Staff Advances:-				
- Secured	341		385	
- Unsecured (considered good)	192		91	
		533		476
Total		60,478		64,643
		303,318		249,032

Includes ₹ 88 Lakh (Previous year ₹ 235 Lakh) which are under lien against bank guarantees/LCs issued on behalf of the Company (given as Security Deposits) and ₹ 11662 Lakh (Previous year Nil) pledged against Secured Loans.

*Maximum amount outstanding at any time during the year ₹ 187 Lakh (Previous year ₹ 82 Lakh).

\$ Particulars of Loans and Advances due from Directors and officers:	As at	As at	Max. Amt.	Max. Amt.
	31.03.2011	31.03.2010	2010-11	2009-10
Due from Directors of the company	10	5	18	17
Due from Officers of the company	454	282	503	353

Schedule - 11

CURRENT LIABILITIES

(₹ in Lakh)

	As at 31st March, 2011		As at 31st March, 2010	
Sundry Creditors				
Small Scale Industrial Undertakings	-		-	
Others	27,496		29,089	
		27,496		29,089
Book Overdraft (Note 29, Sch-21)		22		80
Deposits, Retention Money from Contractors and others	9,080		7,448	
Less: Bank Deposits/Investments held as Security	271		246	
		8,809		7,202
Deferred Foreign Currency Fluctuation Liability		2,212		2,433
Other Liabilities		184		969
Interest Accrued but not due on:				
- Short Term Loans	7		1	
- Foreign Currency Loans	163		139	
- Term Loans	2,127		2,835	
		2,297		2,975
Total		41,020		42,748

Schedule - 12

(₹ in Lakh)

PROVISIONS

Particulars	As at 01.04.2010	For the year			As at 31.03.2011
		Additions	Write Back	Utilization	
Proposed Dividend	24,820	33,093	-	24,820	33,093
Tax on Proposed Dividend	4,122	5,369	-	4,122	5,369
Income Tax	40,718	23,043	-	23,427	40,334
Fringe Benefit Tax	260	-	-	132	128
Wealth Tax	1	1	-	1	1
Wage Revision	3,949	-	(154)	3,727	376
Performance Related Pay	3,029	2,349	691	1,562	3,125
Retirement Benefits	2,820	853	34	170	3,469
Corporate Social Responsibility	-	430	-	-	430
Interest on Arbitration Awards	2,941	2,177	9	428	4,681
Others	1	3	-	1	3
Total	82,661	67,318	580	58,390	91,009
Previous Year	74,342	51,355	11,841	31,195	82,661

Schedule - 13

SALES

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Energy Sales (Note 7, Sch 21)	171,538	171,942
UI Charges	2,865	3,369
Exchange Rate Variation	463	1,663
Tax Recoverable	6,401	-
Total	181,267	176,974

Schedule - 14

OTHER INCOME

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Consultancy Receipts	1,707	315
Less: Expenditure (Transferred from Schedule-15)	1,173	200
	534	115
Interest From:		
Banks (Tax Deducted at Source ₹ 566.43 Lakh, Previous year ₹ 35.11 Lakh)	12,367	10,560
Employees	69	67
Contractors	45	565
Customers	190	456
Others	-	61
	12,671	11,709
Interest on Income Tax Refund	783	-
Less: Refundable to Customers(Note 24,Sch-21)	783	-
	-	-
Surcharge on Late Payment from Customers	67	482
Maintenance of Inter Connection Facility	142	149
Profit on Sale of Fixed Assets	1	3
Sale of Scrap	7	24
Miscellaneous Income	490	1,249
Foreign Currency Fluctuation Adjustment (Credit)	403	168
Total	14,315	13,899



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Schedule - 15

GENERATION, ADMINISTRATION & OTHER EXPENSES

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries,Wages, Allowances and Benefits	7,193	6,291
Contribution to Provident and Other Funds	356	377
Leave Salary and Pension Contribution	279	201
Welfare Expenses	644	582
	8,472	7,451
REPAIRS AND MAINTENANCE		
Roads and Buildings	421	572
Plant & Machinery	132	154
Office Equipments & Furnitures	10	10
Civil Works	650	370
Electro Mechanical Works	2,000	2,882
Vehicles	64	60
Others	188	145
	3,465	4,193
Less: Claim Received from Insurance Companies	144	78
	3,321	4,115
ADMINISTRATION AND OTHER EXPENSES		
Rent		209
Insurance		1,444
Security Expenses		868
Electricity Charges	876	858
Less: Recovered from Employees & Contractors	47	29
	829	829
Research and Development Expenses	50	-
Travelling & Conveyance	239	184
Training and Recruitment Expenses	146	124
Legal Expenses	26	58
Professional and Consultancy Charges	913	19
Communication Expenses	85	82
Printing & Stationery	69	55
Less: Receipts from Sale of Tenders	7	14
	62	41
Auditors' Remuneration	17	11
Advertisement & Publicity	160	131
EDP Expenses	26	49
Hiring of Vehicles	315	291
Entertainment Expenses	13	12
Expenses on Transit Camps	103	74
Books & Periodicals	6	7
Donations	25	51
Corporate Social Responsibility Expenses	486	102
Stores Written Off	8	12
Loss on Disposal/Write off of Fixed Assets	203	1
Directors Sitting Fees	7	2
IPO Expenses	831	-
Fees and Subscription	613	5
Expenditure on Catchment Area Treatment	700	-
Environment & Ecology Expenses	51	86
Safety Expenses	120	129
Miscellaneous Expenses	53	42
Exchange Rate Variation	2	(77)
Foreign Currency Fluctuation Adjustment (Debit)	416	1,663
Total	21,364	18,015
Less: Expenditure on Consultancy Works (Transferred to Schedule-14)	1,173	200
Auditors' Remuneration (Transferred to Schedule-19)	8	5
Total	20,183	17,810
Stores Consumption Included in Repairs and Maintenance	1,275	1,884

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Schedule - 16

PROVISIONS

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
Provisions Created:		
Damages to Assets	3	-
Total	3	-
Less: Written Back :		
Shortage in Stores & Spares	-	3
Depreciation	24	126
Total	24	129
Total	(21)	(129)

Schedule - 17

INTEREST AND FINANCE CHARGES

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
INTEREST		
Short Term Loans	39	317
Foreign Currency Loans	408	833
Term Loans	9,516	12,180
Arbitration Awards	3,002	1,677
Exchange differences regarded as adjustment to interest cost	182	-
	13,147	15,007
FINANCE CHARGES		
Finance Charges	135	190
Rebate to Customers	2,378	2,170
Exchange Rate Variation (Net)	177	(74)
Total	2,690	2,286
Total	15,837	17,293

Schedule - 18

PRIOR PERIOD ADJUSTMENTS (NET)

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME		
Sales	-	(10,716)
Others	1,161	2
	1,161	(10,714)
EXPENDITURE		
Repairs and Maintenance	38	96
Environment and Ecology	-	3
Communication Expenses	-	12
Depreciation	659	(1)
Others	12	-
	709	110
Prior Period Adjustment (Net)	(452)	10,824
Less: Transferred to EDC (Schedule - 19)	(6)	-
Total	(458)	10,824



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Schedule - 19

EXPENDITURE DURING CONSTRUCTION

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages, Allowances and Benefits	7,216	5,527
Contribution to Provident and Other Funds	336	361
Leave Salary and Pension Contribution	276	178
Welfare Expenses	642	502
	8,470	6,568
REPAIRS AND MAINTENANCE		
Roads and Buildings	54	42
Plant & Machinery	11	3
Office Equipments & Furnitures	12	11
Vehicles	34	30
Others	86	90
	197	176
ADMINISTRATION AND OTHER EXPENSES		
Rent		224
Rates & Taxes	22	1
Insurance	3	2
Security Expenses	230	169
Electricity Charges	65	73
Travelling & Conveyance	315	220
Training and Recruitment Expenses	163	138
Legal Expenses	6	14
Professional and Consultancy Charges	106	62
Communication Expenses	84	80
Printing & Stationery	69	45
Less: Receipts from Sale of Tenders	3	2
	66	43
Auditor's Remuneration (Transferred from Schedule-15)	8	5
Advertisement & Publicity	106	98
EDP Expenses	25	38
Entertainment Expenses	22	13
Expenses on Transit Camps	122	101
Books & Periodicals	7	8
Hiring of Vehicles	325	236
Donations	25	50
Social Welfare Expenses	2	8
Depreciation	456	377
Stores Written Off	1	2
Loss on Disposal/Write off of Fixed Assets	2	1
Exchange Rate Variation	(1,038)	(1,205)
Directors Sitting Fees	6	2
Others	7	8
Environment & Ecology Expenses	62	26
Miscellaneous Expenses	70	53
	10,191	7,591
INTEREST AND FINANCE CHARGES		
On Loan from World Bank	1,111	519
Others	38	-
	1,149	519
Less: Allocated to CWIP	1,111	519
	38	-
	10,229	7,591

Schedule - 19

EXPENDITURE DURING CONSTRUCTION

(₹ in Lakh)

	Year ended 31st March, 2011	Year ended 31st March, 2010
LESS RECEIPTS AND RECOVERIES		
Interest from:-		
Banks	205	72
Employees	17	15
	<u>222</u>	<u>87</u>
Miscellaneous Income	123	26
	<u>345</u>	<u>113</u>
TOTAL	9,884	7,478
Prior Period Adjustments (Net) (Transferred from Schedule -18)	(6)	-
NET EXPENDITURE (Transferred to Schedule-6)	9,890	7,478

Schedule - 20

SIGNIFICANT ACCOUNTING POLICIES

1.0 SYSTEM OF ACCOUNTING

The financial statements are prepared according to the historical cost convention on accrual basis in line with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956, including accounting standards notified thereunder.

2.0 FIXED ASSETS

- 2.1 Fixed Assets are stated at historical cost less accumulated depreciation and any impairment in value. Where final settlement of bills with contractors is pending/under dispute, capitalization is done on estimated/provisional basis subject to necessary adjustment in the year of final settlement.
- 2.2 Fixed Assets created on land not belonging to the Company are included under Fixed Assets.
- 2.3 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress/Fixed Assets.
- 2.4 Payments made provisionally towards compensation and other expenses relating to land are treated as cost of land.
- 2.5 Expenditure incurred for compensatory afforestation, soil conservation and re-forestation towards forest land is shown as "Intangible Assets-Expenditure on compensatory afforestation" and is amortized pro-rata through depreciation over the period of likely use.
- 2.6 Assets and systems common to more than one generating unit are capitalized on the basis of engineering estimates/assessments.
- 2.7 Construction equipments declared surplus are shown at lower of book value and net realisable value.

3.0 MACHINERY SPARES

- 3.1 Machinery spares procured along with the Plant & Machinery or subsequently and whose use is expected to be irregular are capitalized and depreciated fully over the residual useful life of the related plant and machinery except as stated in para 3.2.
- 3.2 Cost / WDV of Machinery Spares is fully charged to revenue in the year in which such spares are replaced except in cases where retrieved spares have useful life after repairs.
- 3.3 Other spares forming part of inventory are expensed when consumed.

4.0 CAPITAL WORK-IN-PROGRESS

- 4.1 In respect of supply-cum-erection contracts, the value of supplies received at site/construction store and accepted is treated as Capital Work-in-Progress.
- 4.2 Administration and Other General Overhead expenses at the Corporate Office and Projects under Construction / Survey & Investigation attributable to construction of fixed assets are identified and allocated on systematic basis on major immovable assets other than land, infrastructure facilities and bought out items on commissioning of Projects. However, no allocation of such expenses pertaining to Corporate Office is made on projects taken on BOOT (Build, Own, Operate & Transfer) basis till the date of grant of generation license.
- 4.3 Expenditure on Survey and Investigation of the Projects is carried as capital work in progress and capitalized as cost of Project on completion of construction of the Project or the same is expensed in the year in which it is decided to abandon such project.
- 4.4 Expenditure against "Deposit Works" is accounted for on the basis of statement of account received from the concerned agency and acceptance by the Company. However, provision is made wherever considered necessary.
- 4.5 Claims for price variation /exchange rate variation in case of contracts are accounted for on acceptance.

5.0 DEPRECIATION AND AMORTISATION

- 5.1 Depreciation is charged on straight-line method to the extent of 90% of the Cost of Asset following the rates notified by the Central Electricity Regulatory Commission (CERC) for the purpose of fixation of tariff. In respect of assets, where rate has not been notified by regulations by the CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961, except in case of computers & peripherals, and mobile phones which are depreciated @ 25% p.a.
- 5.2 Depreciation is provided on pro rata basis from the month in which the asset becomes available for use.
- 5.3 Depreciation on assets declared surplus/obsolete is provided till the end of the month in which such declaration is made.
- 5.4 Assets costing Rs. 5000/- or less are depreciated fully in the year



- of procurement.
- 5.5 Expenditure on software is recognized as 'Intangible Asset' and amortized fully over four years.
- 5.6 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liability on account of exchange fluctuation, change in duties or similar factors, the revised unamortized balance of such assets is depreciated prospectively over the residual life. Depreciation on increase/decrease in the value of existing assets on account of settlement of disputes is charged retrospectively.
- 5.7 Capital Expenditure referred to in Policy No. 2.3 is amortized over a period of four years starting from the year in which the first unit of the project comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of projects under operation is charged off to revenue.
- 5.8 Leasehold land is amortized pro-rata through depreciation over the period of lease.
- 5.9 Expenditure on Catchment Area Treatment (CAT) Plan during construction is capitalized along with dam/civil works. Such expenditure during O&M stage is charged to revenue in the year of incurrence of such expenditure.
- 6.0 INVESTMENTS**
- 6.1 Long Term Investments are valued at cost less provision for permanent diminution in value.
- 6.2 Current Investments are valued at lower of cost and fair value.
- 7.0 INVENTORIES**
- 7.1 Inventories are valued at the lower of cost arrived at on weighted average basis and net realizable value.
- 7.2 Loose tools issued during the year are charged to consumption.
- 7.3 Stores issued for operation and maintenance but lying unused at site are treated as part of inventory.
- 7.4 The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained on review and provided for.
- 7.5 Scrap is accounted for as and when sold.
- 8.0 FOREIGN CURRENCY TRANSACTIONS**
- 8.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction. Monetary items denominated in foreign currency are restated at the year end at exchange rates prevailing on the Balance Sheet date.
- 8.2 Exchange differences, except to the extent considered as adjustment to borrowing cost as per AS-16 read with ASI-10, are recognized as income or expense in the period in which they arise in case of operating projects and to EDC in case of projects under construction. However, the differences relating to Fixed Assets/Capital Works-in-Progress arising out of transactions entered into prior to 01.04.2004 over & above those considered as borrowing cost are adjusted to the carrying cost of Fixed Assets/Capital Work-in-Progress.
- 9.0 BORROWING COSTS**
- Borrowing costs attributable to fixed assets during construction /renovation and modernization are capitalized. Other borrowing costs are recognized as an expense in the period in which they are incurred.
- 10.0 PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS**
- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized, but are disclosed in the notes. Contingent assets are neither recognized, nor disclosed in the financial statements.
- 11.0 INCOME**
- 11.1 Sale of energy is accounted for based on tariff approved by the Central Electricity Regulatory Commission (CERC). Recovery/refund towards foreign currency variation in respect of foreign currency loans as per CERC notification is accounted for on year to year basis.
- 11.2 The incentives /disincentives are accounted for based on the norms notified/approved by the Central Electricity Regulatory Commission.
- 11.3 Advance against depreciation, forming part of tariff upto 31.03.2009 to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in the sales in subsequent years.
- 11.4 The surcharge on late payment/overdue sundry debtors for sale of energy is accounted for on receipt basis or when there is reasonable certainty of realisation.
- 11.5 Interest recoverable on advances to contractors/suppliers and other claims from contractors/suppliers under dispute are accounted for on receipt/acceptance.
- 11.6 Income from consultancy services is accounted for on the basis of actual progress / technical assessment of work executed or costs reimbursable, in line with the terms of respective consultancy contracts.
- 12.0 EMPLOYEE BENEFITS**
- Provision for gratuity, leave encashment and other post retirement benefits as defined in Accounting Standard (AS) - 15 is made on the basis of actuarial valuation at the end of financial year. Provident fund liability is accounted for on accrual basis.
- 13.0 MISCELLANEOUS**
- 13.1 Insurance claims are accounted for in the year of receipt/ acceptance by the insurer / certainty of realisation.
- 13.2 Prepaid and prior period expenses/income of items of Rs.50,000/- and below are charged to natural heads of accounts in the year of payment/receipt.
- 13.3 Liability for claims against the Company is recognized on acceptance by the Company / receipt of award by the Arbitrator and the balance claim, if disputed /contested by the contractor is shown as contingent liability. The claims prior to Arbitration award stage are disclosed as contingent liability.
- 13.4 A specified percentage of Net Profit after Tax of previous year is set aside for incurring expenditure towards Corporate Social Responsibility (CSR). The unspent amount is carried forward.
- 14.0 TAXES ON INCOME**
- 14.1 Taxes on income are determined on the basis of taxable income under the Income Tax Act, 1961.
- 14.2 Deferred tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax asset is recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.
- 15.0 CASH FLOW STATEMENT**
- Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) – 3 'Cash Flow Statements'.



1. Contingent Liabilities:

- a. Claims against the Company not acknowledged as debt:

Particulars	(₹ in lakh)	
	31.03.2011	31.03.2010
Capital Works*	35731	56607
Land Compensation	5324	5322
Disputed Service Tax Demand	1236	1236
Others	16	97
Total	42307	63262

* This includes ₹21043 lakh (Previous Year: ₹37757 lakh) representing the amount of basic claims by the contractors of NJHPS. As the amounts recommended by the Dispute Review Boards (DRBs)/Additional Dispute Review Boards (ADRBs) are much less than the amounts claimed by the contractors, the claims on account of further interest and escalation, if any, has not been considered.

- b. The above contingent liabilities do not include claims against pending cases in respect of service matters and others where the amount cannot be quantified.
c. It is not practicable to work out the outflow and possibilities of any reimbursement.

2. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹97563 lakh (Previous Year: ₹114408 lakh).

3. Pending approval of the Competent Authority, provisional payments made towards executed quantities of some of the items beyond approved quantities as also for extra items, are included in Capital Works-in Progress.

4. The revised cost estimate (RCE -IV) of Nathpa Jhakri Hydro Power Station (NJHPS) has been approved by the management at ₹859341 lakh.

5. Title deeds/ title in respect of land of some projects / units, costing ₹ Nil (Previous Year ₹220 lakh) measuring Nil (Previous Year 01-18-59 hectare) and buildings costing ₹15 lakh (Previous Year: ₹15 lakh) are yet to be executed / passed in favour of the company. Expenses on stamp duty etc. shall be accounted for on registration.

Possession of land measuring 0-24-19 hectare (Previous Year: 01-06-77 Hectare) is still to be handed over to the Company.

6. i) As per the agreement between Govt. of Himachal Pradesh (GoHP) and the company, Luhri Hydroelectric Project shall be executed by an SPV with the shareholding of GoHP and the company. A proposal for execution of this project by the company itself is under consideration. Pending decision on this matter/formation of SPV, a total expenditure of ₹7653 lakh (Previous Year: ₹5657 lakh) has been incurred on survey and investigation of the project, which includes fixed assets ₹387 lakh (Previous Year: ₹286 lakh) and capital work in progress ₹7266 lakh (Previous Year: ₹5371 lakh).

ii) GoHP has withdrawn Khab Hydroelectric Project from the company. The expenditure incurred on the project amounting to ₹1263 lakh has been shown as recoverable as communicated by GoHP.

7. 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. Pending filing of petition by the company and final determination of tariff by the CERC, the sales for the year have been provisionally recognized at ₹171538 lakh (Previous Year: ₹171942 lakh, inclusive of Deferred Tax Materialised upto 31.03.2009 of ₹3182 lakh) on the basis of principles enumerated in the said regulations, on the capital cost allowed by CERC for determining tariff for the year 2008-09.

The Tariff Regulations, 2009 provide that pending determination of tariff by the CERC, the company has to provisionally bill the beneficiaries at the tariff applicable as on 31.03.2009 on capital cost of ₹799080 lakh, approved by the CERC. The amount provisionally billed for the year 2010-11 on this basis is ₹163286 lakh (including billing of tax recovery) (Previous Year: ₹164413 lakh).

8. Sundry Debtors and Sales include an amount of ₹17734 lakh (Previous Year: ₹10447 lakh) towards bills raised after the end of the financial year. Further, billing for tax of (-) ₹13984 lakh (Previous Year: (-)₹4014 lakh) is yet to be done.
9. Leave Salary/Pension Contribution in respect of employees on deputation has been paid /provided on the basis of provisional demand received from the lending organizations. The difference, if any, will be adjusted on receipt of final demand.
10. Some of the balances shown under advances, deposits, creditors, material in transit/material lying with third parties are subject to confirmation, reconciliation and consequential adjustment, if any.
11. In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
12. The effect of foreign exchange fluctuation during the year:

(₹ in lakh)		
	For the year 2010-11	For the year 2009-10
(i) Amount charged to Profit and Loss Account excluding depreciation.		
- As FERV	179	(63)
- As Borrowing cost	182	-
(ii) Amount charged to Expenditure During Construction		
- As FERV	(1038)	(1205)
- As Borrowing cost	-	-
(iii) Amount adjusted by addition to carrying amount of fixed assets	-	(981)

13. Disclosure under the provisions of Accounting Standard (AS)-15 'Employee Benefits'

General description of various defined employee benefits are as under:

a) Defined Contribution plans:

(i) Employers contribution to Provident Fund:

The Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the fund in permitted securities. The contribution of ₹692 lakh (Previous year: ₹738 lakh) to the fund for the year is recognized as expense and is charged to the Profit & Loss Account and Expenditure During Construction (EDC). The obligation of the company is



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limited to such fixed contribution and to ensure a minimum rate of return to the members as specified by Gol.

b) Defined benefit plans:

(i) Gratuity:

The Company has a defined benefit gratuity plan, which is regulated as per the provisions of Payment of Gratuity Act, 1972. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognized on the basis of actuarial valuation.

(ii) Leave encashment:

The Company has a defined benefit leave encashment plan for its Employees. Under this plan they are entitled to encashment of earned leaves and medical leaves subject to certain limits and other conditions specified for the same. The liability towards leave encashment has been provided on the basis of actuarial valuation.

(iii) Retired Employee Health Scheme:

The Company has a Retired Employee Health Scheme, under which retired employee and the spouse are provided medical facilities in the Company hospitals/empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company.

(iv) Baggage Allowance:

Actual cost of shifting from place of duty at which employee is posted at the time of retirement to any other place where he/she may like to settle after retirement is paid as per the rules of the Company.

The schemes mentioned at b(ii) to b(iv) are unfunded and are recognized on the basis of actuarial valuation.

1. Key Actuarial assumptions for Actuarial Valuation:

Particular	As at 31.03.2011	As at 31.03.2010
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Discount Rate	8.00%	7.50%
Future Salary Increase	5.50%	5.00%

2. Change in Present Value of Obligations (PVO):

Particular	(₹ in lakh)				
		Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance /Service Reward on Retirement
PVO at Beginning of Year	CY	1576	1677	969	32
	PY	1210	1669	768	30
Interest Cost	CY	126	134	77	3
	PY	90	125	58	-
Past Service Cost	CY	-	-	-	3
	PY	-	-	-	-
Current Service Cost	CY	183	307	97	-
	PY	158	325	76	8
Benefit paid	CY	(27)	(108)	(14)	(4)
	PY	(19)	(534)	-	(6)
Actuarial (Gain)/Loss	CY	(7)	154	70	1
	PY	137	92	67	-
PVO at end of year	CY	1851	2164	1199	35
	PY	1576	1677	969	32

3. Amount Recognized in Balance Sheet:

(₹ in lakh)

Particular		Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance /Service Reward on Retirement
PVO at end of year	CY	1851	2164	1199	35
	PY	1576	1677	969	32
Fair Value of Plan Assets at the end of year	CY	1669	-	-	-
	PY	1258	-	-	-
Funded Status	CY	(182)	(2164)	(1199)	(35)
	PY	(318)	(1677)	(969)	(32)
Excess of actual over estimated	CY	(40)	-	-	-
	PY	(12)	-	-	-
Unrecognized actuarial gain/loss	CY	-	-	-	-
	PY	-	-	-	-
Net (Liability)/Asset recognized in Balance Sheet	CY	(182)	(2164)	(1199)	(35)
	PY	(318)	(1677)	(969)	(32)

4. Amount recognized in Profit & Loss Account / EDC Account:

(₹ in lakh)

Particular		Gratuity	Leave Encashment	Retired Employee Health Scheme	Baggage Allowance /Service Reward on Retirement
Current Service Cost	CY	183	307	97	3
	PY	158	325	76	8
Interest Cost	CY	126	134	77	3
	PY	90	125	58	-
Past Service Cost	CY	-	-	-	-
	PY	-	-	-	-
Expected return on Plan Assets	CY	(110)	-	-	-
	PY	(67)	-	-	-
Net Actuarial (gain)/loss recognized for the year	CY	33	154	70	1
	PY	150	92	67	-
Expense recognized in Profit & Loss/EDC for the year	CY	109	595	245	7
	PY	332	542	201	8

(v) As the leave travel concession has been merged with allowances with effect from 26.11.2008, as per 'DPE Guidelines for Wage Revision', and is not payable separately, no provision for the same has been made during the year. The provision made during earlier years and outstanding at the end of the year amounting to ₹86 lakh is considered sufficient to meet the earlier liability.

14. Segment reporting:

As the company is primarily engaged in only one segment viz. 'Generation and sale of hydroelectric power', there are no reportable segments as per Accounting Standard - 17.

15. Related Party Disclosure:

As required by Accounting Standard (AS) - 18 'Related party disclosures', details of transactions with related parties are:

a) Related Parties – Key Management Personnel:

Whole Time Directors:

Shri H.K. Sharma	Chairman & Managing Director (CMD) upto 25-02-2011
Shri R.P. Singh	Director (Electrical) and additional charge of CMD from 01-03-2011
Shri R.N.Misra	Director (Civil) from 21-05-2010
Shri R.S.Katoch	Director (Personnel) upto 28-02-2011
Shri N.L.Sharma	Director (Personnel) from 22-03-2011
Shri A.S.Bindra	Director (Finance) from 09-12-2010



- b) Remuneration to key management personnel is ₹92 lakh (Previous Year: ₹79 lakh), and amount of dues outstanding to the company as on 31.03.2011 is ₹10 lakh (Previous Year: ₹5 lakh).
16. The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses & transit camps. These leasing arrangements, which are not non-cancellable, are usually renewable by mutual consent on mutually agreeable terms. The Schedule of Employees remuneration and benefits include ₹210 lakh (Previous Year: ₹169 lakh) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices, guest house & transit camps are shown as Rent / Hiring charges under Generation, Administration and other expenses / Expenditure during Construction (EDC).
17. Earnings per Share (EPS) - Basic and Diluted:
The elements considered for calculation of earnings per share (Basic & Diluted) are as under.

	2010-11	2009-10
Net Profit after Tax used as numerator (₹lakh)	91213	97274
Weighted Average number of equity shares used as denominator	4136310687	4111673589
Earnings Per Share (₹) (Basic & Diluted)	2.21	2.37
Face value per share (₹)	10	10

18. Deferred Tax Asset / (Liability):

The major components of Deferred Tax Asset (Net) as per Accounting Standard (AS)-22 'Taxes on Income' are as under:

	(₹ in lakh)	
	As at 31.03.2011	As at 31.03.2010
Deferred Tax Asset		
i) Provisions/Expenses disallowed for tax purpose	559	326
ii) Difference of Book Depreciation and Tax Depreciation	6411	1641
Total	6970	1967
Less: Deferred Tax Liability	-	-
Deferred Tax Asset/(Liability) (Net)	6970	1967

19. Impairment of Assets – Accounting Standard - 28
In the opinion of the management, there is no indication of any significant impairment of assets during the year.
20. Quantitative details in respect of energy generated & sold :
(As certified by the management)

Sr. No.	Particulars	For the year 2010-11	For the year 2009-10
i)	Licensed Capacity	Not applicable	Not applicable
ii)	Installed Capacity (MW)	1500	1500
iii)	Actual Generation (Million Units)	7140.205	7018.810
iv)	Actual Sales (Million Units) (Net of auxiliary power & free power to Home State)	6228.040	6120.748

21. Additional information required as per Part-II, Schedule VI of the Companies Act, 1956, is as under:

(₹ in lakh)			
(A)	Expenditure in foreign currency (on cash basis)	2010-11	2009-10
i)	Consultancy	60	24
ii)	Payment to Contractors/Suppliers	5915	7367
iii)	Financing Charges (ECBs)	-	1
iv)	Interest on External Commercial Borrowings (ECBs)	746	1605
v)	Other Miscellaneous Matters	4	10
(B)	Earnings in foreign currency (on cash basis)	-	-
(C)	Value of Import calculated on CIF basis		
i)	Capital Goods	699	4020
ii)	Spare Parts	39	843
(D)	Value of components, stores and spare parts consumed		
i)	Imported	316 (24.80%)	1029 (54.62%)
ii)	Indigenous	959 (75.20%)	855 (45.38%)

22. Remuneration to Directors. (Excluding group insurance premium):

(₹ in lakh)			
		2010-11	2009-10
i)	Salaries and allowances	71	62
ii)	Contribution to provident fund and family pension fund.	6	5
iii)	Gratuity	2	6
iv)	Other benefits	13	6
v)	Directors' Sitting Fees	13	4

Whole time Directors are allowed the use of staff cars including for private journeys on payment in accordance with DPE guidelines.

23. During the year, the company has identified certain spares of capital nature which were earlier included in inventory. As a result, the capital spares of ₹3592 lakh have been capitalized, and depreciation amounting to ₹653 lakh relating to earlier years has been shown under Schedule -18 'Prior period Adjustment'.
24. (i) The regular assessment of the company for the assessment year 2008-09 has been completed during the year and a demand of tax and interest amounting to ₹8750 lakh has been raised. The company deposited the demand amount and filed an appeal against the said assessment before the CIT (Appeals).
(ii) For the assessment years 2006-07 and 2007-08, the company has received refunds of tax amounting to ₹1640 lakh and ₹1984 lakh respectively pursuant to CIT (Appeals) orders. The net tax of ₹5126 lakh has been provided for in accounts as earlier years tax adjustment. As the above tax relates to tariff period 2004-09, and is payable/recoverable from beneficiaries separately as a pass through item, the net impact of the same (grossed up with current year tax rates) has been treated as sales



for the year and passed on to the beneficiaries for the relevant years.

(iii) For the assessment year 2009-10, the company received tax refund of ₹9623 lakh relating to advance against depreciation. As the company has written back tax of ₹10853 lakh (grossed up) during the year 2009-10, the difference of ₹1230 lakh has also been provided as earlier year tax adjustment.

The interest received on tax refunds at para (ii) & (iii) above amounting to ₹783 lakh has also been passed on to the beneficiaries.

25. Changes in Accounting Policies:

25.1 A new Accounting Policy 13.4 regarding Corporate Social Responsibility (CSR) has been added as required under guidelines on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises (CPSEs). Due to adoption of above guidelines, profit of the Company has reduced by ₹430 lakh and provision has increased by the same amount.

25.2 Some of the Accounting Policies (i.e 1.0, 5.1, 5.9, 10.0, 11.3, 12.0, 14.2 and 15.0) have been added/re-worded/modified to give better presentation and/or to disclose the practices followed by the company. These changes in accounting policies have no material impact on the accounts for the year.

26. As required under Guidelines on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises (CPSEs), company is required to spend a minimum of 0.50% of Profit After Tax (PAT) of previous year. Accordingly, an amount of ₹486 lakh has been charged to Profit & Loss Account. Unspent amount of ₹430 lakh has been carried over and shown under Provisions.

27. Auditors Remuneration includes:

Particulars	(₹ in lakh)	
	For the year 2010-11	For the year 2009-10
Statutory Audit Fee	8	3
Tax Audit Fee	2	1
In other capacity	5	5
Out of pocket Expenses	2	2
Total	17*	11*

* Includes ₹3 lakh (Previous Year: ₹4 lakh) for earlier years.

28. a) Information with regard to amount due to SSI units has been determined on the basis of information available with the Company.

b) The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date and therefore no disclosures required under the said Act have been made.

29. Book overdraft represents cheques issued by the company pending clearance against the flexi/other deposits with the banks classified under term deposits.

30. Foreign currency exposure not hedged by a derivative instrument or otherwise:

PARTICULARS	CURRENCY	(₹ in Lakh)	
		As at 31.03.2011	As at 31.03.2010
Borrowings, including	USD	82021	52858
Interest Accrued but	EURO	2185	4192
not due thereon.	NOK	1336	2517

31. The wage revision of employees w.e.f. 01.01.2006/01.01.2007 has been implemented during the year. Accordingly, the provision for wage revision and performance related pay made during earlier years have been adjusted.
32. a) On 13th April, 2010, the company allotted 2,78,12,500 equity shares of ₹10/- each at a premium of ₹4.72 per share, on preferential basis, to the Govt. of Himachal Pradesh (GoHP) totaling ₹4094 lakh.
b) The Govt. of India (GoI) disinvested 41.50 Crore equity shares of ₹10 each (about 10% of the capital) of the company through Initial Public Offer (IPO), and the shares of the company have been listed on the recognized stock exchanges on 20th May, 2010.
33. Previous Year figures have been recast/regrouped/rearranged wherever considered necessary.
34. The Financial Statements are reported in Indian Rupees and all figures have been rounded off to the nearest ₹ in lakh except when otherwise stated.
35. Balance sheet abstract and company's general business profile as per Part-IV Schedule VI to the Companies Act, 1956, is enclosed.

For Hingorani M. & Co.
Chartered accountants

Pardeep Kumar Partner M.No.085630	P.S.R. Murthy Company Secretary	A.S. Bindra Director(Finance)	R.P. Singh Chairman and Managing Director

Date : May 30, 2011
Place : New Delhi

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011



(₹ in Lakh)

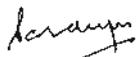
	Year ended 31st March, 2011	Year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax, Prior Period Adjustments and Extra Ordinary Items	115,162	112,571
Adjustment for:		
Depreciation	44,397	43,328
Interest & Finance Charges	15,837	17,293
Exchange rate variation/Fluctuation adjustment account	(182)	-
Rebate to Customers	(2,378)	(2,170)
Prior Period Adjustments (Net)	1,117	(10,824)
Operating Profit before Working Capital Changes	173,953	160,198
Adjustment for:		
Trade and Other Receivables	(7,521)	17,389
Inventories	3,499	(282)
Trade Payables and Other Liabilities	(1,728)	(7,075)
Provisions	(656)	(2,493)
Loans and Advances	(10,087)	1,253
Other Current Assets	(2,290)	2,903
	(18,783)	11,695
Cash generated from operations	155,170	171,893
Taxes paid	(15,673)	(19,650)
Net Cash Flow from Operating Activities-A	139,497	152,243
B. CASH FLOW FROM INVESTING ACTIVITIES		
Net Expenditure on Fixed Assets & CWIP, Advance for Capital Works & Construction Stores/Spares etc.	(54,767)	(31,710)
Net cash used in Investing Activities - B	(54,767)	(31,710)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital including Share Application money pending allotment	2,424	1,670
Repayment of Long Term Borrowings	(32,595)	(61,862)
Interest & Finance Charges Paid	(13,277)	(15,123)
Proceeds from Borrowings	39,799	15,806
Dividend	(24,820)	(29,000)
Tax on Dividend	(4,122)	(4,929)
Net Cash Flow from Financing Activities - C	(32,591)	(93,438)
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	52,139	27,095
Cash and cash equivalents (Opening balance)	154,239	127,144
Cash and cash equivalents (Closing balance)	206,378	154,239

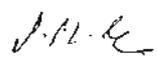
Notes:

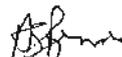
1. Cash and cash equivalents consist of cash and bank balances.

2. The Previous year's figures have been regrouped/re-arranged/re-casted wherever necessary.

As per our report of even dated attached
For Hingorani M & Co.
Chartered Accountants


Pardeep Kumar
Partner
M.No.085630


P.S.R. Murthy
Company Secretary


A.S. Bindra
Director (Finance)


R.P. Singh
Chairman & Managing Director

Place: New Delhi
Date : May 30, 2011



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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE



I. Registration Details

Registration No.

0 6 - 0 8 4 0 9

State Code

0 6

Balance Sheet Date

3 1 0 3 2 0 1 1

II. Capital Raised During the Year (₹ in Lakh)

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

2 7 8 1

III. Position of Mobilisation and Deployment of Funds (₹ in Lakh)

Total Liabilities

1 1 1 2 9 0 8

Total Assets

1 1 1 2 9 0 8

Sources of Funds

Paid-up Capital

4 1 3 6 6 3

Share Application Money

N I L

Reserve & Surplus

3 0 6 8 8 9

Secured Loans

9 0 0 1 3

Unsecured Loans

8 5 3 7 9

Income Received in Advance

8 4 9 3 5

Application of Funds

Net Fixed Assets

6 6 2 0 5 9

CWIP, Advances for Capital Works, Capital Stores

1 4 0 5 6 1

Investments

N I L

Net Current Assets

1 7 1 2 8 9

Deferred Tax Asset

6 9 7 0

Misc. Expenditure

N I L

Accumulated Losses

N I L

IV. Performance of Company (₹ in Lakh)

Turnover (Including Other Income)

1 9 5 5 8 2

Total Expenditure

7 9 9 6 2

Profit/(Loss) before tax

1 1 5 6 2 0

Profit/(Loss) after tax

9 1 2 1 3

Earnings per share in ₹

2 . 2 1

Dividend Rate %

8 . 0 0

V. Generic Names of Three Principal Products/Services of Company

1. Generation of Electricity
2. Construction of Projects
3. Consultancy Services

For Hingorani M & Co.
Chartered Accountants

Pardeep Kumar
Partner M.No.085630

P.S.R. Murthy
Company Secretary

A.S. Bindra
Director (Finance)

R.P. Singh
Chairman & Managing Director

Place: New Delhi
Date : May 30, 2011

Generating Power
... for the Generations



SJVN Limited
Registered and Corporate Office
Himfed Building, New Shimla – 171009

FORM OF PROXY

I/ We..... being Member/ Members of SJVN Limited hereby appoint Mr./Mrs./Miss..... of in the district of or failing him Mr./Mrs./Miss..... of..... in the district of as my/ our proxy to vote for me/ us on my/ our behalf at the **23rd Annual General Meeting** of the Company to be held **on Friday, the 26th August 2011 at "Hotel Peterhoff, Chaura Maidan, Shimla – 171004" at 1600 HRS** and at any adjournment thereof.

Folio/ Client ID

DP ID No.

No. of Share held

Please affix
15 paise
Revenue
Stamp

(Signature of Member)

Note: Proxies in order to be valid must be duly filled in, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the Meeting

SJVN Limited
Registered and Corporate Office
Himfed Building, New Shimla – 171009

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Name of Member/ Proxy.....
(First) (Middle) (Surname)

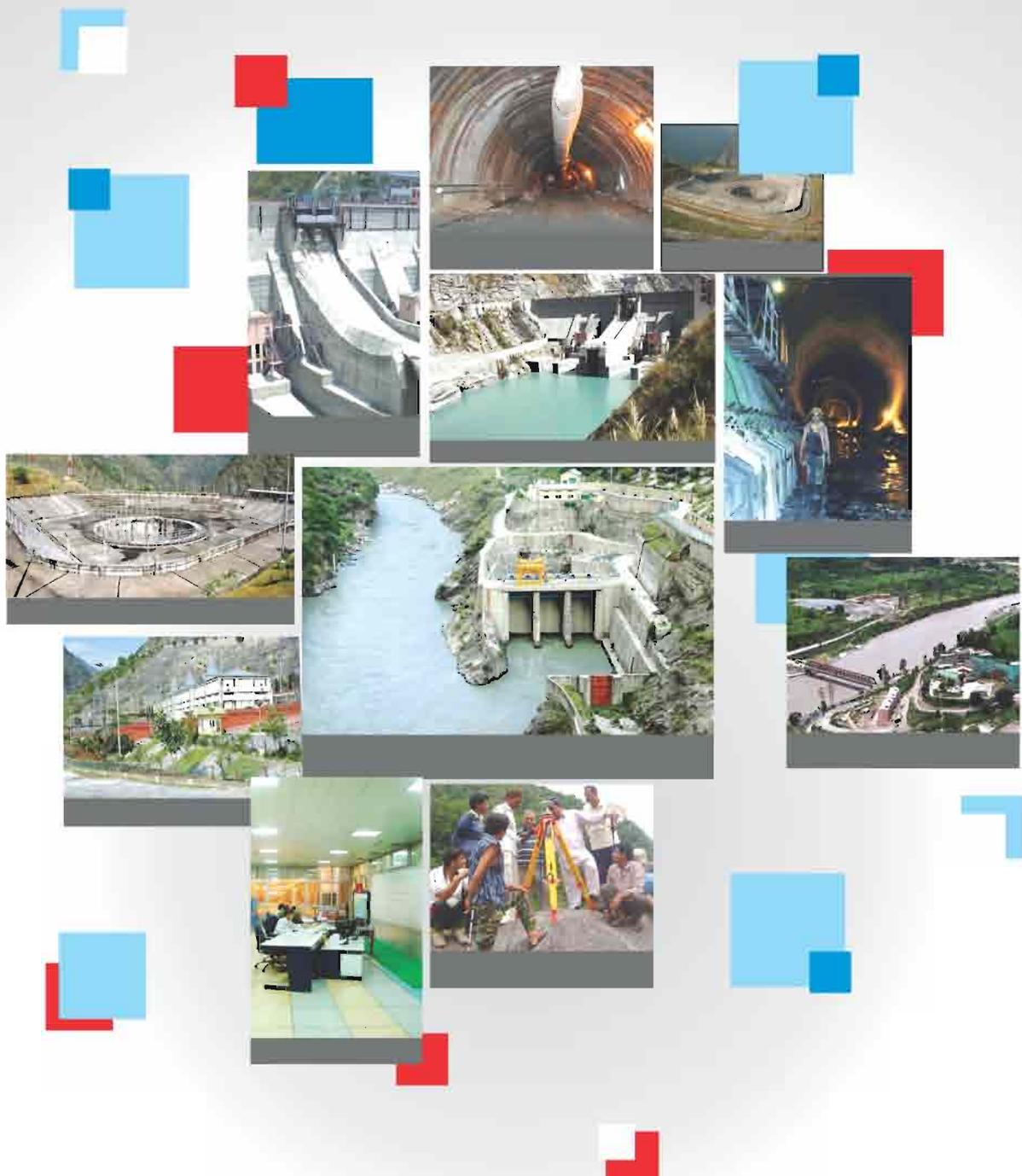
I hereby record my presence at **23rd Annual General Meeting** of the Company to be held **on Friday, the 26th August 2011 at "Hotel Peterhoff, Chaura Maidan, Shimla – 171004" at 1600 HRS**

Folio/ Client ID

DP ID No.

No. of Share held

(Signature of Member/ Proxy)



SJVN Limited

14th July 2011

APPEAL

Dear Shareholder,

Sub: Request to save environment – Join Go-Green Initiatives
 Ministry of Corporate Affairs (MCA) has issued a Circular No. 17/2011 dated 21.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). As an enlightened corporate citizen, we propose to send all future shareholders' communications like Notices, Company's Annual Report etc through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit besides saving environment. Shareholders, who wish to register their email id can visit <http://www.linkintime.co.in/gogreen.asp> and register their email id. We request shareholders to avail of this facility and strengthen Go Green movement and enable us to serve you better.

Thanking you,
 Yours faithfully,

For SJVN Limited

PSR Murthy
PSR MURTHY
 Company Secretary

REMINDER

SUB: PAYMENT OF DIVIDEND FOR THE YEAR 2009-10

YOUR COMPANY SJVN LIMITED DECLARED DIVIDEND FOR THE YEAR 2009-10 ON 15TH SEPTEMBER 2010 AND ALL THOSE SHARE HOLDERS WHO WERE ON THE REGISTER OF MEMBERS AS ON 02ND SEPTEMBER 2010 WERE ENTITLED TO RECEIVE THE DIVIDEND. YOUR COMPANY HAS MADE MULTIPLE ATTEMPTS TO DESPATCH YOUR DIVIDEND. IN CASE YOU BEING A MEMBER ON THE ABOVE DATE AND STILL HAVE NOT RECEIVED DIVIDEND FOR THE SAID YEAR, YOU ARE REQUESTED TO INTIMATE THROUGH POST, (**EMAIL:PSR.MURTHY@SJVN.NIC.IN**) OR FAX (**0177-2670737**) YOUR DP ID AND CLIENT ID, TO ENABLE US TO TAKE PROMPT ACTION.

THANKING YOU,

PSR Murthy
PSR MURTHY
 COMPANY SECRETARY
 SJVN LIMITED
 HIMFED BUILDING
 NEW SHIMLA-171009

Dt : 14 July, 2011



SJVN Limited

(A Joint venture of Govt. of India & Govt. of Himachal Pradesh)
A Mini Ratna & Schedule 'A' PSU

Regd. Off. : Himfed Building, New Shimla, Shimla-171 009

Expediting Office : Ircon Building, C-4, District Centre, Saket, New Delhi-110 017

Phone : 011-41659207, 41659205, Fax : 011-41659204

Visit us at : www.sjvn.nic.in