



SJVN LIMITED

(A Joint Venture of Govt. of India & Govt. of Himachal Pradesh)

A 'Mini Ratna' & Schedule 'A' PSU | ISO 9001:2008 Certified Company

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“SJVN Limited Q2 & H1 FY-16 Result Conference Call”

November 10, 2015



MANAGEMENT: **Mr. R. N. Misra – Chairman and Managing Director, SJVN**

Mr. A. S. Bindra – Director (Finance), SJVN

MODERATOR: **Mr. Deepak Agrawala, Analyst, Utilities & Capital Goods, Elara Securities**



Moderator: Ladies and gentlemen good day and welcome to the SJVN Q2 and H1 FY16 Results Conference Call hosted by Elara Securities. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I would hand the conference over to Mr. Deepak Agrawala from Elara Securities. Thank you and over to you sir.

Deepak Agrawala: Thanks Inba and good morning everyone. On behalf of Elara Securities, we welcome you all for the Q2 and H1 FY16 conference call for SJVN Limited. I take this opportunity to welcome the management of SJVN, represented by Mr. R. N. Misra-Chairman and Managing Director, Mr. A. S. Bindra-Director Finance and their entire team. We will begin the call with a brief overview by the management on the results followed by a Q&A session. I will hand over the call now to Mr. Misra for your opening remarks sir. Over to you.

R. N. Misra: Good morning friends. I welcome you all to this conference and I wish very-very happy Diwali to all of you. During the 2nd Quarter of 2015-16, we have earned revenue of 853.87 crores from operations against the corresponding quarter of 2014 which was 1209.75 crores. You may see that there is a drop of 29.42% but here I would like to clarify that during last year we had received an arrear of 460.26 crores and this year we don't have any arrears. If we exclude that arrear on last year our revenue from operations was 749.49 crores against that this year revenue from operations is 853.87 crores. So if we compare apple to apple there is an increase of 13.93% in our revenue from operations.

Coming to the total income; during the current quarter the gross total income is 1077.65 crores and profit before tax is 696 crores, profit after tax is 564.97 crores. If I talk about the half yearly results considering the Quarter 1 and Quarter 2, the total income from operations--revenue from operations—is 1628.09 crores. During the corresponding year for the last year the revenue from operation was 1884.46 crores. Then at apparently it may appear that there is a drop by 13.6%. But as I explained earlier during 2014 we had received an arrear, if Q1 and Q2 combined it was 571.25 crores and if that is excluded then the revenue during the last year was 1113.21 crores against that this year the half yearly revenue is 1628 crores, showing an increase of 23.98%.

Coming to the total income; total income during this half year is 1998 crores, profit before tax is 1290.47 crores and profit after tax is 1049.40 crores.

Coming to the generation; this year during this quarter we have generated 3899.71 million units against the generation in the corresponding quarter during last year been 3777.37 million units. It means there is an increase in generation by 3.24%. If I compare the generation on a half yearly basis that is Q1 and Q2, the total generation during the current year is 7274.50 million units which was during last year at 6181.96 million units. So there has been an increase in generation as far as the plant availability factor is concerned. The plant availability factor for our Nathpa Jhakri project during half of the year has been 107.38% which was last year



107.83%, very marginal decrease and as far as Rampur project is concerned our plant availability factor is 103.8% during last year it was 97.43%. So overall the plant availability factor has also improved. With this now I hand over the call to Deepak.

- Moderator:** Thank you. Ladies and gentlemen we will now begin the question and answer session. Our first question is from the line of Deepak Agrawala. Please go ahead.
- Deepak Agrawala:** Can you share the revenue that we have realized during this quarter and first half on availability based incentive and the UI income?
- R.N. Misra:** During this quarter the UI charges which we have realized from the total—I will give you the total figure—are 9.85 crores and the capacity incentive is 55.20 crores for the quarter.
- Deepak Agrawala:** What was the similar number last year?
- R.N. Misra:** Last year the numbers were 5.72 crores as far as UI charges is concerned and 40.20 crores as far as capacity incentive is concerned.
- Deepak Agrawala:** Can you also help us to understand how much the CAPEX has been incurred in the first half?
- R.N. Misra:** A CAPEX which has been incurred in the first half is 168 crores.
- Moderator:** Thank you. We will take a next question is from the line of Chirag Vekaria of Budhrani Finance. Please go ahead.
- Chirag Vekaria:** Could you give me the breakup of gross energy generated by Nathpa Jhakri and Rampur for this quarter?
- R.N. Misra:** From Nathpa Jhakri we have generated 3061.15 million units and from Rampur 814.92 million units.
- Chirag Vekaria:** Could you give me the plant wise breakup of UI charges and capacity incentive for Nathpa Jhakri and Rampur?
- R.N. Misra:** Plant wise, UI charges for Nathpa Jhakri is 4.74 crores and from Rampur it is 5.11 crores.
- Chirag Vekaria:** Also the capacity...
- R.N. Misra:** And the capacity charges breakup is from Nathpa Jhakri it is 38.49 crores and from Rampur it is 16.71 crores.
- Chirag Vekaria:** The receivables have gone up; could you give us the breakup of the same?



- R.N. Misra:** Receivables, I will give you the major figures from Himachal Pradesh it is 708 crores, from Uttar Pradesh it is 300 crores, from J&K it is 280 crores, from DRPL 51 crores, BYPL 63 crores these are the major figures and the total coming to us 1675 crores.
- Chirag Vekaria:** We had some litigation with HP, what is the status on the same?
- R.N. Misra:** On that litigation, yes, it is still in the court but we are discussing also. It is still in the court. Both the decisions have been taken so far.
- A. S. Bindra:** Of course court has said that they have settled this matter mutually also so Himachal has come on the table and they have decided that they will give us all the money, most probably we are hoping by March 2016 they will give us all the money, on that the discussion is going on.
- Chirag Vekaria:** On the part of other income could you just give us a breakup of interest on account of cash and interest on account of receivables?
- R.N. Misra:** On other income it's 223.61 crores.
- A. S. Bindra:** In this other income there is receipt from the beneficiary that is the penalty and interest what you are saying that is 59.28 crores and 161.41 crores is our interest from the bank.
- R.N. Misra:** Actually I'm giving you the figure as compared to last year. This year our income has increased by 161.41 crores. The breakup of 161.41 crores is that 59.28 crores is the late payment surcharge which we have received from the beneficiaries and 70.47 crores is the foreign-exchange rate for valuation so this is the increase.
- Chirag Vekaria:** Mr. Misra wanted to know since you are high cash on books, any thoughts on repayment of Rampur debt?
- R.N. Misra:** So far we cannot comment anything on this but if there is any thought if it comes then we will see it.
- Moderator:** Thank you. Our next question is from the line of Pavan Parakh of Religare. Please go ahead.
- Pavan Parakh:** Sir just wanted a couple of more data points, what is the absolute number for debtors which is outstanding from more than 60 days?
- R.N. Misra:** More than 60 days, it is 1085 crores.
- Pavan Parakh:** And what is the CAPEX plan for this full-year?
- R.N. Misra:** CAPEX plan for this year is as on date is 800 crores.
- Pavan Parakh:** And for next year financial year 16-17?



- R.N. Misra:** 16-17 we are planning for 1000 crores.
- Pavan Parakh:** No major again from your earlier plans?
- R.N. Misra:** Yes.
- Pavan Parakh:** Can you give me the revenue and PAT contribution between these three plants, Nathpa Jhakri, Rampur and Wind?
- R.N. Misra:** Contribution in?
- Pavan Parakh:** Revenue and PAT contribution.
- R.N. Misra:** From Nathpa Jhakri in the revenue from operations, it is 639.54 crores, other income is 148.54 crores, total coming to us 788.08 crores. From Rampur, revenue from operations is 199.52 crores, other income is 75.02 crores, total becomes 274.54 crores. Coming to the profit before tax and Wind also, the revenue from operation is 14.81 crores and total income is 14.81 crores. Profit before tax from Nathpa Jhakri is 620.84 crores, from Rampur is 109.11 crores and from wind it is 9.46 crores. PAT we calculate as total, we have not calculated the PAT separately.
- Pavan Parakh:** Anything on the solar thing that you want to speak, any development on that front?
- R.N. Misra:** Yes, on solar we have awarded the work of 5 MW, Charanka, solar power plant which we are going to establish in Gujarat that we have the work has been awarded. We are also looking for plant in some of the solar Park and we are also planning for doing the submitting our bid wherever the bids are being issued of the SECI or NTPC, this is the way we are moving ahead.
- Pavan Parakh:** Have be submitted any bids so far in any of the NSSM bids?
- R.N. Misra:** Not so far, we have not submitted so far, in future to do it.
- Pavan Parakh:** Any specific reason why we are not actually participating in these bids now?
- R.N. Misra:** Actually initially what has happened that we are the new entrant here; here we did not have any experience. So first thing what we did was, we did our pilot project. We concentrated on our pilot project of the Gujarat 5 MW so that we gain the experience and in the meantime we are making our studies, preparing ourselves to participate in the bids.
- Pavan Parakh:** What is the PPA status of this project in Charanka?
- R.N. Misra:** Actually we will be going because that we have to contact the certain beneficiaries, so far we have not signed any PPA but we will contact and we will see as to whom we can sell the power.
- Pavan Parakh:** So when is this plant expected to commission?



- R.N. Misra:** We are expecting it commissioning somewhere in the month of April.
- Pavan Parakh:** And what is the capital cost?
- R.N. Misra:** Capital cost is around 32 crores.
- Pavan Parakh:** Any specific reason we went ahead with this project without any PPA I mean what in the event if we are not able to sign a PPA in next 4 or 5 months?
- R.N. Misra:** We don't expect it that we will not be able to sign a PPA or we will not be able to tie up the power that we don't expect because there is a RPO obligations and we are talking to the different organizations who are looking to have the solar. They want to increase their solar portfolio. There may be certain organizations who cannot put of their solar power plant so they also may become our beneficiary. So I don't expect that such a thing will happen, moreover it is our pilot project is the first project which we are taking so we thought that it is first thing is more important that we enter into the project, we start putting up the project and this issue of the PPA we can take care.
- Pavan Parakh:** To whom have we awarded this project, who is the contractor?
- R.N. Misra:** I'm not able to recollect the name of the contractor but I think after some time I will get back to you. I will let you know.
- Moderator:** Our next question is from the line of Chintan Sheth from SKS Capital. Please go ahead.
- Chintan Sheth:** Actually I just wanted to get an idea on the capacity and addition in the near future, what is the timeline of the projects you are currently under progress and how it will pan out over the next 5 to 7 years and where will be standing in terms of capacity by 2022? Currently we are sitting on a combined capacity of 1900 MW odd in Hydro and 47 MW in Wind, so our almost 2000 MW capacity is there as of now and how it will pan out over the next 5 years?
- R.N. Misra:** By 2022, we are expecting number one Buxar Thermal Power Plant, 1320 MW to be completed. There are three projects in Uttarakhand, Devsari 250 megawatts, Naitwar Mori 60 MW, Jakol Sankari 51 MW; these projects are expected to come. Then we have around three projects in Nepal, 900 MW. We have two projects which we are constructing in joint-venture with Druk Green Power – Kholongchu and Wangchu. Kholongchu is 600 MW and Wangchu is 570 MW. In addition to this we are planning to go into the wind power and solar power and there we are expecting that in next five years we have planned for 100 MW, next five years which means by 2019, 100 MW and after then other three years we would like to increase our portfolio to approximately 4000 MW. So we expect by 2022 we should become 10,000 MW company.
- Chintan Sheth:** Related to timeline in case if you can provide that in next 2 years, three of the Uttarakhand projects will be commissioning or Thermal Power by 2018 that kind of timeline you can provide project wise.



- R.N. Misra:** Most of the projects which I have told you most of the projects which are whether Hydroelectric are the Thermal Power, their commissioning will take place somewhere between 2020 to 2022, it will be 20-21-22 most of them will get commissioned. Only the addition during these years will be from solar and wind.
- Chintan Sheth:** So 100 MW you talked about additional solar and wind capacity will come between these five years from 15 to...
- R.N. Misra:** Between 15 to 19, 1000 MW from solar and wind and thereafter we will increase it to 4000 MW approximately.
- Chintan Sheth:** In next 3 years?
- R.N. Misra:** Next 3 years.
- Chintan Sheth:** In renewable only?
- R.N. Misra:** In renewable.
- Chintan Sheth:** So 4000 there and around 3000 MW adding to your Thermal and Hydro projects together and 1000 MW in next 5 years in renewable so total will take to 10,000 MW.
- R.N. Misra:** Around 10,000 MW.
- Moderator:** We will take a next question from the line of Niraj Bhatia of Mutil-Act. Please go ahead.
- Niraj Bhatia:** I had two small questions related to your receivables. During last year we got this additional tariff for prior periods, between 2009 to 2014 amounting to 995 crores, just wanted to have your say like how long will it take for us to get the entire amount from the DISCOMS?
- R.N. Misra:** Our major amount is with the government of Himachal Pradesh and we had discussions with them and during the discussions it has been indicated by them that they will liquidate the liabilities by March '16.
- Niraj Bhatia:** So that will be the major amount?
- R.N. Misra:** Yes that is the major amount.
- Niraj Bhatia:** During this first half of the year, have you seen any recovery coming out of this amount?
- R.N. Misra:** Out of this amount I don't have a figure that out of outstanding in the recovery coming, I don't have any separate figures to give to you. We have not kept any figures that how much arrears have been recovered, how does outstanding have been recovered that I do not have that figure separately with me.



- Niraj Bhatia:** Recently in one of your interviews on 20th of October you had mentioned that our outstanding receivables have fallen to 1132 crores and as on 30th of September it was around 1675 crores, so has there been any reduction in the interim period?
- R.N. Misra:** Actually what figure I have given that figure was more than two months and more than two months figure as on 30th of September it is 1085 crores.
- Niraj Bhatia:** Has there been any subsequent recovery, right now we have outstanding receivables to the tune of 1675 crores so after the date because in the interview you had mentioned it's around 1132 crores.
- R.N. Misra:** 1132 crores for more than two months. I will tell, one question was asked to whom we have placed the order for 5 MW, I will just tell the name of the company, it is M/S Rays Power Expert Private Limited.
- Moderator:** Thank you. Our next question is from the line of Ashish Shah of Budhrani Finance. Please go ahead.
- Ashish Shah:** I have two questions, one is the PAF for Rampur and Nathpa Jhakri, do you eventually see them converging together because there is still some gap between the two of them?
- R.N. Misra:** They are close to each other but the PAF of Nathpa Jhakri will be little higher than Rampur, by 3% to 4% or so. Reason being Rampur project is still in the stabilization stage and Nathpa Jhakri project is stabilized project.
- Ashish Shah:** We just heard where you mentioned that over the next 5-6 years we see this company scaling up its capacity almost 5X from 2000 MW to 10,000 MW between 21-22. So what are the key challenges you see in this journey over the next 5 to 6 years in terms of either the management bandwidth or the contractor bandwidth, the clearances, what are the key challenges or hurdles you see between now and the next 5 to 6 years for you to achieve this kind of capacity expansion?
- R.N. Misra:** As far as these projects are concerned, the challenges remain that we should get all the green signals. It means that the environment and forest clearances. They would continue to be challenges once we get it and there will not be any problems and we are very hopeful of getting them because the honorable Supreme Court has clarified on 12th of October that the embargo which they had imposed are applicable only to 24 projects and our 3 projects do not fall in the list of those 24 projects. So that is the one good development which has taken place. So once we get these clearances, environment, and forest clearance we have to get the investment decision. After that the things become as normal and usual as they happen for any hydropower project. Similarly for thermal power plant also we have to get the environment clearance and we have to get the investment sanction. As far as the renewables are concerned, there we are in fact I told that in first 5 years we are going for 1000 MW because we are new entrant into it and after that we will scale ourselves because by that time we would have



explored the land, we would have lot of experience and putting the solar power plant will not be a difficulty. Other challenges I do not see as such that they may impede our progress.

Ashish Shah: Just trying to get the understanding which means the kind of scale that we are talking about, internally you think we are fairly well equipped to ramp this up, is it?

R.N. Misra: Yes internally we are fully confident that we can do it, not any problem.

Ashish Shah: Just some small clarification, there are two projects in Bhutan, Kholongchu, Wangchu, there the entire equity ownership of 100% equity ownership remains with us is with SJVN?

R.N. Misra: No, in both projects 50% equity is with SJVN and 50% is with Druk Green Power which is a public sector undertaking of Royal Government of Bhutan.

Moderator: Thank you. Our next question is from the line of Deepak Agrawala. Please go ahead.

Participant: Can you highlight what has been the progress on Bhutan project during the first half of this year?

R.N. Misra: For Kholongchu project, we have registered the joint-venture company during the month of June 2015 and thereafter the board has been constituted and the first block for the roads has been taken by the younger brother of the King of Bhutan on 18th of September 2015. Four packages of road and two packages of daily have been awarded and the work has started on these activities. Our management of the Kholongchu project is in place at the project site and they are making further planning and the things are now progressing well. Regarding Wangchu project, we have got the approval for the DPR from CA and also from the Royal Government of Bhutan. On this we are in discussion with the DGPC for the formation of joint venture company for signing the shareholders agreement and for incorporation of the joint venture company in accordance with the Bhutanese Law.

Deepak Agrawala: How has been the progress similarly on the Buxar Thermal Power Plant?

R.N. Misra: In the Buxar Thermal Power Plant, we have discussed with the government of Bihar, state government and we have requested them that they can raise the demand for the land and they have raised the demand for the land cost that they have already raised to us. Now because of these elections the things could not progress, now elections are over we are going to deposit the money during the month of November for the entire land cost, approximately Rs.363 crores. Once the land cost is deposited and the land is handed over to us we will do the fencing of the boundary and thereafter the other things will start.

Deepak Agrawala: So equipment, tendering and all that still not yet started in terms of at least inviting the Expression of Interest or RFQs and all?

R.N. Misra: For main plant it has not started, only for the infrastructure activities we are going ahead with attending, etc., but for the main plant it is not started so far.



- Deepak Agrawala:** Our cash balance in the books have increased quite substantially to almost 4000 crores and I understand that you have fair bit of plans for capacity and addition but majority of them deployment will start from next year onwards?
- R.N. Misra:** Yes.
- Deepak Agrawala:** So any plan for special dividend this year?
- R.N. Misra:** This question will be decided by the board of directors. I cannot comment on this issue at present. Only thing I can say that our past history shows that we have always maintained the dividend or increased the dividend.
- Deepak Agrawala:** Because if the resolution with government of Himachal Pradesh is done then you might have additional inflow of around 700 crores odd in cash so I was just wondering like then as of now made for distribution, right?
- R.N. Misra:** I cannot comment on this issue at present.
- Deepak Agrawala:** Just a clarification I needed, you mentioned that in renewable for solar and wind, you are targeting about 100 MW by 2019 and...
- R.N. Misra:** 1000 MW by 2019.
- Deepak Agrawala:** And subsequently ramping to 1000 MW by 2022, right?
- R.N. Misra:** We will be adding another 3000 MW or so in another three years.
- Deepak Agrawala:** So 1000 to 4000 basically?
- R.N. Misra:** Yes.
- Moderator:** Thank you. Our next question is a follow up from the line of Pavan Parakh of Religare. Please go ahead.
- Pavan Parakh:** Just wanted the clarification of solar which I got. Secondly in this other income you said this extended variation of 70 crores is included in Quarter 2?
- R.N. Misra:** 74 crores is included SERC fluctuation, yes.
- Pavan Parakh:** Entirely in Quarter 2?
- R.N. Misra:** Quarter 2.
- A. S. Bindra:** Actually what the detail I can tell you now, the details of other income. Interest on bank is up to 30th September it was 154.25 crores, from beneficiaries we have received 90.72 crores,



FERV for the station 116.57 crores and other income is 326.15 that is for the half-year. If you want it for the quarter, for the quarter interest from bank is 85.19 crores, interest from the beneficiary is 59.28 crores and FERV for the station for the Rampur is 75 crores, other thing is comes to 223.61 crores.

Moderator: Thank you. As there are no further questions from the participants, I now hand the floor back to Mr. Deepak Agrawala for closing comments.

Deepak Agrawala: We thank Mr. Misra and his entire team for giving us an opportunity to hold this conference call. We also thank all the participants for joining the call. Over to you sir for any closing remarks.

R.N. Misra: Thank you very much. We are trying our best to take the company to the new heights, doing our best and my team is also working very hard at our operations project and for new projects we are taking all the steps so that the new projects start and the work on them is done in a smooth manner. Only thing is that I need a good wishes and grace of God from all of you and with my Wishes for Happy Diwali. I think Mr. Bindra would like to say a few words before the closing.

A.S. Bindra: First of all happy Diwali to all of you also. You might have seen our financial results for the quarter and half yearly. But just apparent it appears that half yearly results are down but as explained by our CMD, the half-year results if we exclude the arrears it is going up and over the last three years I can give you some figures for the half year results by which you can see how all the things are going up. For the sales for the December 2013 was 1171, '14 it was 1313.21 and December 2015 it is 1628.09. Profit before tax for December '13, 929, December '14 excluding arrears 941 and now it is 1290. So there is a tremendous increase of 37% in the profit before tax. So you can see our income is going up, everything is going fine with you all wishes and thank you very much and again Happy Diwali to all of you.

Moderator: Thank you. Ladies and gentleman, on behalf of Elara Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.