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National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex,
Bandra East, Mumbai-400051, India.

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001, India.

Sir/Madam

Sub: Transcript of Concall with Investors and Analysts to discuss financial results for the Quarter ended 30th June, 2020(Q1, FY 2020-21)

In Compliance with Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find attached herewith the Transcript of Conference Call held with the investors and Analysts on Friday, 28th August, 2020 to discuss the Financial Results for the first Quarter ended 30th June, 2020 (Q1, FY2020-21).

Kindly take the above information on record and oblige.

Thanking you,

Yours faithfully,

(Soumendra Das)
Company Secretary

Encl: As above



“SJVN Limited Q1 FY2021
Earnings Conference Call”

August 28, 2020



ANALYST: MR. RUPESH SANKHE – ELARA SECURITIES PRIVATE LIMITED

MANAGEMENT: MR. N. L. SHARMA – CHAIRMAN AND MANAGING DIRECTOR - SJVN
MR. A K SINGH – DIRECTOR (FINANCE) - SJVN
MS. GEETA KAPUR - DIRECTOR (PARTNER) - SJVN
SHRI. S P BANSAL - DIRECTOR (CIVIL) - SJVN
MR. SOUMENDRA DAS - COMPANY SECRETARY - SJVN



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Moderator: Ladies and Gentlemen, Good day and welcome to the SJVN Limited Q1 FY2021 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Rupesh Sankhe from Elara Securities Private Limited. Thank you and over to you, Sir!

Rupesh Sankhe: Good afternoon everyone. On behalf of Elara Securities, we welcome you all for the Q1 FY2021 Conference Call of SJVN. I take this opportunity to welcome the management of SJVN represented by Mr. N L Sharma – Chairman and Managing Director; Mr. A K Singh – Director (Finance). We will begin the call with a brief overview by the management followed by Q&A session. I will now hand over the call to Mr. Nand Sharma for his opening remarks. Over to you, Sir.

Nand Lal Sharma: Good afternoon, I am N L Sharma, Chairman & Managing Director, SJVN along with me Director Finance, Shri A K. Singh, Director Partner, Madam Geeta Kapur, Director (Civil), Shri S P Bansal and Company Secretary Mr. Soumendra Das.

Regarding the Q1 I welcome all the participants in the conference call. Let me start with a positive news that SJVN recently a week back bagged 100 megawatts solar project in Gujarat, Dholera Solar Park in Gujarat. The total capacity of that park is 700 megawatt and we had applied for 100 megawatt capacity and with the EReverse Auction we could get that 100 megawatt applied capacity at the rate of Rs.2.80 per kilowatt hour and the expected internal rate of return is around 10% and return on equity is more than 12%, 13%, or it is around 13%.

So we are also trying to have more solar projects because Government of India is emphasizing more and more on radial energy the target set for solar power capacity is 100 gigawatt by 2022, buying our business model since we have pushed in I was just mentioning the first point that SJVN bagged 100 megawatt solar project on competitive bidding basis in Gujarat with the internal rate of return is around 10% and return on equity is around 13% and we are now planning to aggressively diversify into solar sector, we are trying to have more project of more than 1000 megawatt in the coming year or two, so that is the positive news to begin with.



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Regarding the Q1 last year was the exceptional year in terms of hydro energy generation regarding the PET utilization hydrology in the Himalayan region last year it was good, but this year the financial year I mean the April onwards the temperature on the hill, Himalayan hill was quite low as compared to the last year so there was lesser melting of the snow so because of that reason the discharge in the river, water discharge in the river was on the lower side particularly in month of April and May, April and May the discharge was as low as 50% sometime, so in the month of April, May and up to 10th June the full flow season the design discharge would be required for the operation of our hydro projects like if hydro projects Nathpa, Jhakri and Rampur the design discharge is 400 cusecs, so till 9th June the design discharge was less than, the discharge was less than the design discharge, the full flow started on 10th of June. So till 10th June I mean from 1st April to 10th June because of the low discharge the difference in the energy generation was to the tune of 435 million units it was around 17% to 18% lesser than the last year, so what by the end of this quarter the total difference between the this year's energy and last year generation was 420 million units, we try to recover make up the generation during the full flow season but I will convey to all the shareholders that when the full flow started from 10th of June till date I mean till 27th of August in two months end 18 days we generated 125 million units of energy more than as compared to last year so we are trying to make up, but in the first quarter the energy generation was around, I will say that it was 13% lesser as compared to last year in the first quarter this year the energy generation was from all projects 2779 million units as against 3199 million units, so the difference of 420 million units of energy because of which the revenue from operation, total income and all the parameters like profit before tax, profit after tax from the lower side.

Revenue from operations during the first quarter declined by what 5% last year it was Rs.712 Crores and this year it came down to Rs.674 Crores. There are other reasons of decline in the revenue I will now tell the total income in the first quarter. Total income in the first quarter was Rs.711 Crores against Rs.813 Crores last year a decline of Rs.100 to Rs.200 in the total income that is decline of 12%, but there are other reasons of decrease in the total income or revenue from operations the three reasons particularly I will highlight the three reasons last year we received 42 Crores arrears because of the reason of tariff for the 2014, 2019 and 2009 for 2010 time period and this year also we also during the COVID period we extended rebate to the DISCOMs on the direction of the Government of India because DISCOMs were not having recovering the deal from the public and the consumer, so Government of India decided to extend rebate by the generators and the transmitter to the DISCOM, so SJVN extended this quarter of 51.73 Crores and that is accounted for in the first quarter, thirdly the LD last year 30 Crores LD was levied on the contractor in the Sadla



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wind project and that income was accounted for in the first quarter to these three components we put together comes to run Rs.125 Crores so that is another reason for decline in the revenue this year also. There is other reason this decrease in the annual fixed charges of both the projects, Rampur as well as Nathpa, Jhakri project we have seen it in case of Nathpa, Jhakri decrease from Rs.1345 Crores to Rs.1308 Crores and in case of Rampur project it came down to Rs.686 Crores against Rs.698 Crores because of the restructuring of the calculation of annual fixed charges because of the some changes made in the calculation of EFC, hydro policy the reforms got chased by the Government of India.

Regarding profit before tax. Profit before tax in the first quarter declined by 35% it declined by Rs.165 Crores, it dipped from Rs.549 Crores to Rs.384 Crores and profit after tax declined by Rs.119 Crores that is about 28% decline, it came down from Rs.420 Crores to Rs.301 Crores. Earnings per share in this quarter is 77 paise as against 1.07 paise last year. Book value about this share increased last year it was Rs.29.66 and it increased to Rs.30.68.

Regarding the generation I have already explained that generation dipped by 13% 2779 million units as against 3199 million units. Plot availability sector also in case of both the projects, slightly it is on the lower side last year it was about 108.1% and this in both the project it is 107.8% in case of Nathpa, Jhakri and 107.3% in case of Rampur project, but good news is that after the first quarter we have raised the plot availability sector also as compared to the last year, so as on this date plot availability sector of both the projects Rampur project and Nathpa, Jhakri is above 108% this was 107% last year. So, this is about the plot availability sector.

Regarding incentives. Capacity incentive UI and REC for the solar project total incentive put together capacity UI and REC increased by 1.24 Crores last year it was 60.86 Crores and this year in the first quarter it is 62.10 Crores. So incentive all taken together have increased I would like to further inform all that we are well in the direction of the capacity expansion as on date our four projects are under construction that is one project in Nepal, 900 megawatt Arun-III three project, 1320 megawatt thermal project in Bihar, then 60 megawatt project Naitwar Mori project in Uttarakhand and one project in JV mode in Bhutan, Kholongchhu hydroelectric project 600 megawatt, the construction agreement has already been approved by the government of Bhutan and it has been signed between the government of Bhutan and the Kholongchhu Hydroelectric Company Limited which is JV company of SJVN and DGPT of Bhutan, it has already been signed we are now about to what we was hopefully and we have already started the tenting process in advance and we will award the work shortly. Further in India we are about to start construction on two



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projects in Himachal Pradesh 210 megawatt Luhri Stage-I on Sutlej basin and 66 megawatt Dhaulasidh project on Beas basin, these two projects all the clearances are in place now all the investment approval from government of India is awaited it is in process CIB meeting will take place and we are sure that we will receive the investment approval in couple of months and we will start the work we have already started the tenting process we will start the work on these projects within three to six months. Similarly one more project HEP project 382 megawatt Sunni Dam Project we are almost on the phase of having DPR invested by CA 19 out of 24 chapters I have already been approved similarly we are on the way to have this forest clearance and other get plan approval and solution of land all these things. So, we expect that within one year we will be able to start construction in this project also.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC. Please go ahead.

Mohit Kumar: Sir first three questions. First a clarification sir are we accounting surcharge on the receipt basis and how much is surcharge due as per your calculation and have you seen some payment from DISCOM liquidity scheme and when do you expect to entire receivables or outstanding due to be completely get paid that is the first question?

Nand Lal Sharma: Yes, Mohit. Regarding the outstanding, the total outstanding on this at the end of the first quarter there is a Rs.967 Crores due and more than 45 days and less than 45 total outstanding is there. The late payment surcharge is additional to it and most of the outstanding out of this 967 more than 500 Crores is from J&K whereas we are receiving payments from other DISCOMs other entities we have recently received about Rs.200 Crores from UPBCL under this liquidity scheme they received money from PFC and REC from government of India and we paid about Rs.200 Crores to SJVN, but most of the outstanding dues are from J&K in the previous year so recently we learned that union cabinet approved the additional of that liquidity scheme from 90000 Crores to 125000 Crores the J&K is liquidate in that, so we are hopeful that we will get our due from J&K.

Mohit Kumar: So how much is surcharge due so as per your calculation and did you account surcharge on receipt basis?

Nand Lal Sharma: It is about 600 Crores total put together from all the DSICOMs.

Mohit Kumar: And you account surcharge on receipt basis am I right?



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Nand Lal Sharma: Yes.

Mohit Kumar: Secondly sir on the Capex plan how much we have invested in Arun-III as of now and the Buxar the total amount invested and what is the status of construction and is there any change in COD because of the COVID?

Nand Lal Sharma: Arun see as you know the total Capex of generation as well as transition component is around Rs.7000 Crores, Rs.5723 Crores for generation component and 1236 Crores for transmission component and so far we have spent about more than Rs.1177 Crores we have already spent on Arun-III and Arun-III regarding the status of the construction if we go by the project development agreement signed with the Government of Nepal which is five years period construction period after the financial closure. Financial closure was achieved in February 2020 so as per the project development and agreement the construction is force to be completed by February 2025, but as per the work awarded to the contractor from our side our that is coming to by the end of 2022 and because of the various reasons that the area was very remote the connectivity road connectivity and communication connectivity were poor Koshi highway is the lifeline of the project that is not in bull shape and the first major project in Nepal be constructed by any country or via the company so initial it is over there but we are progressing very well despite our and recently due to COVID from March onwards the work was closed then the whelm of start quotation of material supply from India and within Nepal also mobilization of labor they were closed, they were migrated to their home places somewhere in Nepal and somewhere in India but our team we are working very hard we have resumed the work also but we are hopeful that we will completely project in 2022/2023 we are very hopeful all the local administration, Government of Nepal and from the Indian side Indian embassy in Nepal and Indian government we will see of western their Ministry of power they are all cooperating on this project this is a very important project for all the stake holders, then regarding the Buxar project, Buxar project is about Rs.10000 Crores project and the EPC project has been awarded to L&T and so far we have spent about more than, this is Rs.966 Crores so far we have spent here also due to COVID and still the COVID situation in Buxar area is very severe the containment zone number of cases, COVID cases but despite all these are after closure of the work for more than a month we have resumed the work but the labor issue is still very critical. So, what it will certainly has the impact on the progress of the project, but we are requesting the contractors and our staff to make up and accelerate the work status so this is about the two projects.



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- Mohit Kumar:** Sir last question on the Dholera, there was a work in the tariff and what is the expected project cost and where are we right now that...
- Nand Lal Sharma:** It is just we have got it through a competitive bidding and this PPA will be signed within a month the project the tariff is Rs.2.80 as on date as the cost of the project is Rs.483 Crores.
- Mohit Kumar:** And what is your expected PLF sir, if I may ask?
- Nand Lal Sharma:** Including the charges.
- Mohit Kumar:** What is your expected PLF sir?
- Nand Lal Sharma:** PUF is around 27% presently the PLF is around 27%.
- Mohit Kumar:** Understood sir thank you sir.
- Moderator:** Thank you. The next question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.
- Yogansh Jeswani:** Sir a quick question on the FY2021/2022 now I think from the kind of commentary that we have shared I think our major chunk of our project are suppose to come on-stream from FY2023 right so is there any scope from the existing project or maybe like a 100 megawatt solar project that you shared about the new order win is there any scope for revenue growth for these coming two years FY2021 and 2022?
- Nand Lal Sharma:** From new projects Dholera project will be commissioned by the end of 2021. So, revenue will start flowing from say by the beginning of 2022 if you get completed by December 2021 so but in the year 2022/2023 revenue will start flowing to the company.
- Yogansh Jeswani:** And sir for most of these projects in terms of funding we are comfortable with the internal accruals and the project financing, but we would not be relying too much on debt, right?
- Nand Lal Sharma:** So, we are comfortable with the results available with the company and the financing by the financial institutions of the banks so there we have no funding problem whether the internal equity also and as well as the funding from ourselves also.
- Yogansh Jeswani:** And sir overall are you seeing any pressure in your receivable side within the pandemic situation or are we comfortable overall?



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Nand Lal Sharma: Let me share one information during the first quarter that is entirely the COVID period April, May, June, first quarter our if we compare it to with the last year, last year our receivable were Rs.471 Crores in the first quarter 2019/2020 whereas in the quarter one of 2021 our receipts, not receivable, receipts, our receipts were Rs.501 Crores so we recovered more dues in the first quarter of 2021 COVID period as compared to last year and let me inform you what the billing also last year billing in the first quarter was Rs.662 Crores this year billing was Rs.636 Crores but we collected more.

Yogansh Jeswani: That is fantastic business in terms of it. And sir secondly one question I have on the interest side so quarter-on-quarter if I see the interest payouts they were fluctuate widely can you help us understand a bit more as to why is that so, for example I think March we recorded a interest payout of say around 137 Crores whereas in June it was down to 16-odd Crores?

Nand Lal Sharma: The impact in it because of the decrease lowering of the interest rate by the banking institution that is the main factor, that is because of foreign currency fluctuations in the foreign currency also the rate of the dollar, the rate of the dollar we have a world bank loan in dollars also the rate of the dollar in March as the rate of the dollar n June we compare that there is fluctuation so this because of the fluctuation in foreign currency rate.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Sir my question is on the Arun-III project and with ongoing geopolitical retentions of India, and Nepal are you see any impact on the execution how are you looking at in the situation your comment will be helpful?

Nand Lal Sharma: If we talk in terms of the progress and the impact of some other factors on the progress I see no impact adverse impact on the process of the project though there were some other reasons relation between the two countries or some statements what it is at the ground level it is not there government of Nepal local administration in all respect they are helping us in all respect whether for the construction of the project or the security of our people and permissions required even during COVID period and the clearance of our material, machinery, elsewhere the border also we are all cooperating.

Bhavin Vithlani: And however, the planning this on our two step and if you could give color on the PPA and any customers who are there who have already agreed that will be helpful on this for the Arun-III project?



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Nand Lal Sharma: The PPA of Arun-III. Regarding the PPA we will try to have PPA a year before the completion of the project because only then we will be certain about the delivery of our availability of the power from that project so most of the DISCOMs which are interested, who are interested in taking it have power from that project so we will assess about one year before the completion of the project though we are trying at our level have discussions with the various DISCOMs also we are also trying to export power to other countries like Bangladesh also if they offer us good tariff.

Bhavin Vithlani: And in your view what would be the levelized tariff requirement generate the IRR like that we are generating in a cost-plus project?

Nand Lal Sharma: The levelized tariff is around Rs.4 per unit at generation point bus bar Rs.4 plus the transmission cost also the transmission cost is around 50 to 60 paise per kilowatt hour.

Bhavin Vithlani: So, about Rs.4.5 to Rs.4.6 per kilowatt hour?

Nand Lal Sharma: Yes Rs.4.5.

Bhavin Vithlani: Sir my second question you had answered this in the earlier earnings call but just wanted to get the numbers now given the changes that we are seeing in the Capex that we have to do for individual projects that is under construction what is the equity invested what is the pending equity invested and lastly along with that will we see any impact on the dividends because of accelerated capital expenditure cycle that we are seeing?

Nand Lal Sharma: If we talk what the Arun-III project the total equity investment requirement is around say for both the components generation as well as transmission component is around Rs.2100 Crores so we have already spend from equity Rs.1177 Crores so there is more than 50% equity we have already spend from our internal accrual. Now we will start picking this more from the financial institutions with which we have already tied up so we will not have any test proof from it, while the dividend also I think I do not see any difficulty in terms of payment operating unit to the shareholder.

Bhavin Vithlani: And about Bhutan in the Buxar project if you could give us similar data point on both?

Nand Lal Sharma: On the Buxar 966 all from the equity we have already spent it is Rs.10000 Crores for the project so we will be spending around 3000 Crores from equity or so 1/3rd we have already spent so we are also trying to have the financial closure we have already in discussions so shortly before December we will be having the financial closure. Regarding the Buxar



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project this JV project it is around Rs.4800 Crores project so equity requirement ours is 50% so total equity requirement is around Rs.1400 Crores or Rs.1500 Crores so out of that we will our share will be about Rs.750 Crores we have already spent I have Rs.24 Crores from equity we have already contributed 100 Crores.

Bhavin Vithlani: So, 2/3rd of the equity in Buxar is spending and almost full of the equity in Bhutan is pending which is about 700-odd Crores in Bhutan?

Nand Lal Sharma: In Bhutan our share will be around 700 say 700 to 750 we have already spent to Rs.166 Crores and the Buxar be out of Rs.3000 Crores we have already spend Rs.968 Crores.

Bhavin Vithlani: So, the cash flow from operating activity it should be enough to...

Nand Lal Sharma: That will be enough that we have already plan even for the next ten years we put in our equity that we are planning the project under construction which are under surveyor investigation which are in the pipeline will become in the construction stage later on so we have all planned there.

Bhavin Vithlani: Yes, so these were my questions. Thank you so much for taking my questions.

Moderator: Thank you. The next question is from the line of Dhruv from HDFC Asset Management. Please go ahead.

Dhruv: Sir one is development and one of the media reports it has mentioned that you are looking for to acquire land in Rajasthan or I believe our Ultra Mega Solar Park, so if you can help us what is the business model here will you be putting projects here or will you be parting this land for 200 developers to basically we will be a solar park developer so is the business model if you can help us understand?

Nand Lal Sharma: Yes, on the solar energy side we have planned that we will go aggressively decelerations of Government of India's emphasis is as on this side so in the coming times the energy scenario will see we are seeing that renewal energy particularly solar energy 100 gigawatt by 2022 government of India has already set the target so there are scopes and the tariff in solar has also come down so we have decided that this capacity addition is in a very short period whereas in hydro it takes 10, 15 to 20 years to construct a project whether a size of 100 megawatt or a 500 megawatt or 1000 megawatt but in case of solar we can install and start generating energy and revenue within one and a half or two years. So we have changed the business model of our company so we are trying a 100 megawatt we have already



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secured to a competitive bidding basis we are also trying to have land in Rajasthan we are also invited interest from the aggregators or the other persons who have the land so for this CPSU scheme there is CPSU scheme in government of India that if any dwell per CPSU can having lands and they are have power purchase agreement, so in this scheme power purchase agreement is sure and land we have to arrange so we invited interest from the aggregators or from the land owners we have received a good response from the people which we are trying to contractor so if we have land there we can install solar projects there we have and panel the agencies construction agencies we will have the competition amongst them for the construction of the project at revival tariff so in the present case also the 100 megawatt Dholera we have work the project at Rs.2.80 per kilowatt hour so with the, we have got the contractor also EPC contractor also and this O&M also is giving for ten years so we are getting good returns on that similarly because if our money remains in the bank or it has been not invested in a hydro project it takes very long so we are not leaving hydro unattended we are giving equal importance to that but that is time taking but at the same time for the capacity addition and for immediate revenue generation we are diversifying in the solar sector...

Dhruv: Sorry to interrupt sir my question was more it is now more interesting but my question is more on the Rajasthan modern life they looking at so will we be developing currently solar park and giving the land to someone else to develop the solar project or we also see the developing in solar project in that part...

Nand Lal Sharma: We are not developing of park but developing of the project are well.

Dhruv: And sir then how do you get the PPA for this park I mean do you already have a PPA to develop the solar project in Rajasthan?

Nand Lal Sharma: No, government of Rajasthan for the SECI, SECI has already understanding with the state government it is through Solar Energy Corporation of India (SECI) the tariff where tariff discovered that tariff SECI has already understanding with the states and that the tariff they power ably sold to be Rajasthan DISCOM.

Dhruv: So I mean there will be no separate bidding for the project like in Dholera there will be no separate bidding you will have an assured you will be given a tariff and you will also build the project under tariff on the land that you acquire, is it?

Nand Lal Sharma: If bidding for tariff bidding will be there and then we will be having a hedge.



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- Dhruv:** Yes, got it and this is not to the idea is not to give this land to someone else this is only we have also just wanted to develop the solar project here?
- Nand Lal Sharma:** This will be done from central.
- Dhruv:** And sir just one small clarification on the Dholera project you mentioned that 2.8 tariff you are getting an equity IRR of 13% but...
- Nand Lal Sharma:** IRR is around 10% whereas 10% on equity is 13%.
- Dhruv:** Yes, with equity IRR is around 13%?
- Nand Lal Sharma:** Yes, equity IRR is 13%.
- Dhruv:** Sir but when we see some of the other bids they are much lower so I am just trying to understand has you done a back to back arrangement and that is again your cost is freeze now and if the model price is declined you will not benefit out of that or if the increase also you will not be impacted for us is that the structure?
- Nand Lal Sharma:** We have that arrangement we have already identified we have already discovered the contractor.
- Dhruv:** And so, this is the finish thing I mean there can be no volatility to this spend this coupon I mean your return cannot change depending upon the model prices there is no risk to the model price?
- Nand Lal Sharma:** No, our return did not change.
- Dhruv:** Got it sir that is very helpful thanks a lot sir.
- Moderator:** Thank you. The next question is from the line of Chirag from Budhrani Finance Limited. Please go ahead.
- Chirag:** Sir can you give the breakup of energy generated from Nathpa, Jhakri, Rampur wind power and solar?
- Nand Lal Sharma:** Yes, from Nathpa, Jhakri, energy generated in the first quarter is 2140 million units and you want the comparison with the last year's quarter also and this year ...



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- Chirag:** I have last year number.
- Nand Lal Sharma:** Okay so this year is 2140 for Nathpa, Jhakri then for Rampur project is 602 million units then for Khirvire Wind Project it is 16.64 million units, for Sadla Wind Project is 18.75 million units...
- Chirag:** 18.75.
- Nand Lal Sharma:** Yes, for Sadla.
- Chirag:** Sadla is...
- Nand Lal Sharma:** For Sadla it is 18.75, for Charanka it is 2.40 million units and totally 2779 million units this year.
- Chirag:** And sir can you also share the UI and capacity incentive?
- Nand Lal Sharma:** Yes, UI and capacity incentive you want project wise or...
- Chirag:** Yes, project wise sir.
- Nand Lal Sharma:** Project wise for Nathpa, Jhakri project this year UI is 32.26 Crores, for Rampur project 22.48, then UI for Nathpa, Jhakri is 4.23, UI for Rampur is 2.74, so total capacity incentive for these two projects is 54.74 and UI for these two projects is totally 6.97 and apart from it REC for Charanka solar project is 0.39 Crores in the first quarter so total incentives is Rs.62.10 Crores in this quarter.
- Chirag:** Sir in quarter two we have volumes be as good as the one that you cropped in last quarter in Q2 FY2020 or...
- Nand Lal Sharma:** It will be better as I explained in my beginning note initial note because in the second quarter that is July and then September full force even remain still around 10th or 15th of September so in this full flow season of this hydro project we have already generated during this through full flow season around 125 million units for energy more in it. Say in this quarter around 115 million unit's energy more in this quarter July, August till date, till mid of September we will be having more additional energy because of the micro, better micro agreement of the projects and operations.



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- Chirag:** So, you will surpass quarter two?
- Nand Lal Sharma:** We expect so.
- Chirag:** Okay sir that is it from my side thank you.
- Moderator:** Thank you. The next question is from the line of Anant Mundra from My temple Capital Advisors. Please go ahead.
- Anant Mundra:** I just wanted to understand have we signed PPAs for Naitwar Mori and Bhutan projects?
- Nand Lal Sharma:** Not yet, because the break take in hydro project is not to sign the PPAs in advance and more over the DISCOM these guys are not signing the PPAs in advance because now this open trading in the markets and real time market as already started Delhi purchase of power so PPAs we will decide to add PPAs about a year back before the expected date of commissioning so all the at that time we will be able to tell to this DISCOM that we will be sure to supply power from our projects but we are signed to have discussions with the DISCOM.
- Anant Mundra:** And sir one more question in March 2020 our enough standalone statement it is a capital work in progress is about 900 Crores so for which project is this 900 Crores what is the breakup sir?
- Nand Lal Sharma:** The capital work in progress one is the Naitwar Mori project 60 megawatt and Naitwar Mori project in Uttarakhand, Arun-III project in Nepal then Buxar thermal project in Bihar and Dhaulasidh Luhri project in Himachal Pradesh these projects are also likely to be the construction in a couple of months we have already purchased land for this project and we are incurred expenditure on this **inaudible 44:43** for the forest cleaning of the project. So, these are the capital work in progress.
- Anant Mundra:** But sir standalone I do not think Nepal and Buxar project would come in standalone there should just the Naitwar Mori because that is the only project that we have contractually?
- Nand Lal Sharma:** No, it is not in the consolidated but in the standalone in Naitwar Mori, Dhaulasidh Luhri project and other projects which are under survey investigation.
- Anant Mundra:** Thank you sir.



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Moderator: Thank you. The next question is from the line of Suresh KK who is registered as a retired Banker. Please go ahead.

Suresh KK: Good evening and I am coming from Hyderabad. I have two complements and two, three financials and one or two questions. Compliments for first of the performance of your company under COVID circumstances to be is more than satisfactory and then mostly it is one of the highest profit margin companies and I must come into take that one, and second thing is complement is you have conducted this investor conference just two hours after the board meeting normally people will take one day or late in the evening so we are highly project of these two facts and suggestion number one is, the suggestion number one is in the incomes statement on the top you are write in lakhs whereas in the figures you have putting a comma after the first two to three digits from the right side and it is not misleading can you give us figures in billions normally comma will be put after three digits so if this is not difficult for us to understand one we are reading it for the first time and if I look at it by the comma after two digits if it follow it is in lakhs. And the second things is in, as regards your profit is reduced by on a standalone basis about 118 Crores and this is expand partially the other income was reduced by some 101 Crores to 36 Crores but is nearly 65 Crores what could be the reason for the 65 Crores is one and second thing is this profit includes exceptional like about 51 Crores if it is Crore base the gap will further utilized what is this 51 Crores is it can you please explain these two and third point is do you have any bad receivables or receivables older than say six months or one year.

Nand Lal Sharma: Yes Sureshji thank you for your complements and your suggestions are well taken regarding your questions first regarding the profit margin has reduced I have already explained and informed the participants in my beginning note that generation in the first quarter was on the lower side by what 5% because of the lesser discharge in the surplus reasons wherever flagship will a 95% of the total revenue from operations comes up from these two projects on the surplus reasons this year in the hilly reason it was very prolonged winter, winter almost closest by end of February but this year even the rains then the low temperature continue till the end of April also at the beginning May also so we have lesser discharge in the surplus river I that months of April and May it is two months of the first quarter so generation was on the lower side as compared to last year to the extent of even 17% to 18% so in the first quarter generation is on the low so that was the first reason second reason for the reduced profit margin as I have already explained that about Rs.51.73 Crores which was your second question is that is it Rs.51 Crores Government of India during the COVID period directed all the generators and the transmission companies to extend rebate to the DISCOM because there was serious problem of recovery by the



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direction of the revenue by the DISCOMs they were suffering badly so government of India ask the generator to extend rebate to the extent of the fixed charges which we were having on these generating stations so SJVN put together extended total rebate of Rs.57.87 Crores out of that 57.87, from Rs.13 Crores was accounted for in the last year because the situations started on 25th of March so for the 7 days March it was accounted for in last year whereas 51.73 Crores was accounted for in this quarter, quarter one of this year so that is Rs.51 Crores net impact on our profit margin revenues and secondly last year there were two components in the total income of the company in the first quarter one was the arrear, arrear because of the reason of tariff done by allot by the CRC so this arrears in the quarter one last year was Rs.42 Crores and second one income was the LD which we levied on the contractors is Sadla project so these were Rs.32 Crores so all these factors lower discharge, lower generation, LD, rebate to the DISCOMs then arrears and on the other side reduction in the AFCR so because we collect revenue as per the formula approved by CRC so we got it to the formula of CRC annual fixed charges also were reduced so these are the four, five sectors responsible for lower revenue and profit margin and bad receivables what we were talking about bad receivables we have around Rs.967 Crores receivables from the DISCOMs plus in addition to that of around Rs.600 Crores the late payment surcharge so some of the DISCOMs they are not paying the LTS but we are talking to them we are having meetings with them to sort out how we can recovery this LTS so this you can say that is difficult thing to recover this LPS but LPS is not accounted for in our balance sheet but on the other hand the energy charges which we are receiving from the DISCOM we have problem with the J&K but it remains every year by the end of year we use to receive the dues but this year J&K could not pay dues to all the generators and transmission companies, but now the liquidity formula with the help of the government of India through PSCO and REG now J&K has got the approval from the union cabinet also. So, they will be getting money to meet with this liquidity issue. We are hopeful that we will get more than 550 Crores of receivables from J&K.

Moderator:

Thank you. We will take the next question from the line of Mohit Kumar from IDFC. Please go ahead.

Mohit Kumar:

Sir, there was a circular from the Ministry of Power that came in the public domain stating that LPS must be reduced to 12% if you want to avail money under the DISCOM liquidity scheme. Have we received any such circular from the Ministry and secondly this LPS of 12% will get charged on all the amounts applicable from April 1, 2020?



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- Nand Lal Sharma:** Yes, we have received communication from the government of India. They have decided in consultation with all the generators and transmission companies. All the meetings were headed by power secretary or Minister of Power. Earlier it was 18%, now keeping in view the request of the DISCOMS on their positions, it has been reduced to 12%, but it is from the prospective date and not for the past date.
- Mohit Kumar:** Okay, what is the date applicable?
- Nand Lal Sharma:** Date applicable is I think from the COVID period.
- Mohit Kumar:** Okay sir, thank you.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, we will take that as our last question. I would now like to hand the conference over to Mr. Rupesh Sankhe for closing comments.
- Rupesh Sankhe:** We thank Mr. N.L. Sharma for giving us an opportunity to host this call. We also thank all the investors and the analyst for joining this call. Good day and take care.
- Nand Lal Sharma:** Thank you friends.
- Moderator:** Thank you. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.