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National Stock Exchange of India Limited
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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 31st March, 2017(Q4, FY 2016-17)

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 Tuesday, 30th May, 2017 to discuss the Audited Financial Results for the FY 2016-17 and Financial Results for the quarter ended 31st March, 2017.

Kindly take the above information on record and oblige.

Thanking you,

Yours Faithfully


Arun Kumar Sharma
Officer (CS)



Encl: As above



“SJVN Limited Q4 FY2017 Results Conference Call”

May 30, 2017



Management:

Mr. R.N. Mishra - Chairman & Managing Director

Mr. A.S. Bindra - Director (Finance)

Mr. Rakesh Bansal - Director (Electrical)

Analyst:

Mr. Deepak Agrawala



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Moderator: Good day ladies and gentlemen and welcome to SJVN Limited Q4 FY17 Results 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 this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. I would now like to hand the conference over to Mr. Deepak Agrawala from Elara Securities Private Limited. Thank you and over to you Sir!

Deepak Agrawala: Thanks Mallika. Good afternoon everyone. On behalf of Elara Securities, we welcome you all for the Q4 and FY2017 conference call of SJVN Limited. I take this opportunity to welcome the management of SJVN represented by Mr. R.N. Mishra, Chairman & Managing Director, Mr. A.S. Bindra, Director (Finance), and his team. We will begin the call with a brief overview by the management followed by a Q&A session. I hand over the call now to Mr. Mishra for his opening remarks. Over to you Sir!

R.N. Mishra: Good morning and good afternoon. With me Mr. A.S. Bindra, our Director (Finance), Mr. Rakesh Bansal, our Director (Electrical), our company secretary is there. We wish you all a very good day from our side. This year our fourth quarter of the FY17 has been a good quarter, which has shown increase in the income from operation by 0.42%, the total revenue from operations was Rs.383.87 Crores as against in the same quarter last year Rs.52.28 Crores. The other income during this quarter was Rs.288.72 Crores corresponding to Rs.84.75 Crores during the same quarter of last year showing an increase of 50.67%. The gross total income during this quarter was Rs.672.59 Crores as against Rs.467.03 Crores during same quarter of last year registering an increase of Rs.44.01 Crores. The profit before tax during this quarter Rs.329.30 Crores against Rs.162.54 Crores during the same quarter of the last year registering an increase of 102.6% and profit after tax was Rs.281.25 Crores as against Rs.145.53 Crores during the same quarter of the last year registering an increase of Rs.93.26 Crores. The generation during this quarter as compared to the previous year quarter was less by 47 million units, which shows 6.04% decrease. Coming to the total FY2016-2017, the income from operation during this year was Rs.2468.66 Crores against last year Rs.2493.9 Crores showing a decrease of 1.01%.

Moderator: Excuse me this is the operator I am sorry to interrupt you. Sir I think there is some button that is being pressed and there are certain voices not audible. May I request you to please come closer to the phone?

R.N. Mishra: Okay. The other income during this quarter was Rs.651.24 Crores as against Rs.409.86 Crores during the last year showing an increase of 58.89%. The gross total income during this year was Rs.3119.90 Crores as against Rs.2903.82 Crores showing an increase of 7.44%. The profit before tax during this year was Rs.1873.93 Crores as against last year Rs.1074.21 Crores showing an increase of 9.96% and profit after tax was Rs.1544.14 Crores as against Rs.1407.34 Crores showing an increase of 9.72%. The earning per share during this year is 3.73 as against 3.40 of last year. Coming to total generation, there has been a slight drop in the total generation by 3.22%, this year the total generation was 9045 million units as against 9346 million units last year. The plant availability factor for the Nathpa Jhakri project has slightly increased. During this



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year it is 104.96% as against 104.68% during last year and for Rampur project also there was increase in plant availability factor, this year it is 102.32% as against 99.6% of the last year. So overall the results have shown that there is a marginal decrease in the income from operation, but on all other parameters other income, profit before tax, profit after tax and other things had much improvement over the last year as far as the generation is concerned, there is a slight drop and that I will explain if you want later on, but this has not affected the revenue because this all amounts to secondary energy and the secondary energy sold at a very less rate than the 90 paise per unit. Thank you.

Moderator: Thank you Sir! Should we begin the Q&A now?

R.N. Mishra: Yes, we can start.

Moderator: Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Pavan Ahluwalia from Laburnum Capital. Please go ahead.

Pavan Ahluwalia: Thank you very much. Could you give us some sense you discussed us a little bit on the call last quarter as well, so board evolving thinking around capital allocation particularly in the context of dividends and potential share buyback. When I look at your capex requirement over the next three or four years, it can easily be equity component of that can easily be met with the cash on the balance sheet. So frankly there is no reason for you not to be paying out almost the entire PAT as dividend, which I am sure would make both the state governments, the shareholders and the central government are happy and we have good thing for minority shareholders as well. So I just be curious, you can give us some sort of update on the boards thought process around that. The second question is this new Buxar thermal power plant now we are hearing a lot of commentary from the CEA and other authorities that really India may not need more thermal power plants for several years may be not ever. In light of that is this still a good idea, you would be putting this much capital into a thermal power facility especially given the range of which solar power tariffs keep coming down. It would be great to get your thoughts on this as well.

R.N. Mishra: As far as the buyback is concerned, this process we have started and on this we have taken from the board in principle the same has been taken. Further processing and is being done. We are getting the latest from the merchant banks and other things although the appointment process has been computed. So buyback is going to take place this year. As far as the capex requirement you are very right that during now the money, which we are having that our equity will be able to fulfill the requirement of our capex, we may not require to have any loans and as far as dividend is concerned you said that this year we have paid a interim dividend of Rs.2.25 paise per share again we have declared, the board has declared 50 paise per share another dividend making the total dividend as Rs.2.75 paise and on account of dividend payout, the total outflow of the money from the company will be Rs.1369.16 Crores, which amounts to 88.78% of the total PAT. So what you are saying maximum amount of the PAT has been paid as per the dividend and I think the shareholders should be happy with this decision because this is the highest ever paid dividend by the company that is the thermal power plant user.



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Pavan Ahluwalia: Just one point on this. I just want to put on record the shareholders are very happy especially in the context of poor capital allocation by other PSU, you really set good example as to corporate governance and you have taken care of the interest of the government, the country, the people of the states and minority shareholders. What I am pushing for is just we send that the board can articulate a philosophy on this thing look on a continual basis as long as we do not have a need for capex, we will do either dividends or buybacks. You will find that there will be real appreciation for that and you will have a chance to really set the goal standard for PSUs on corporate governance and capital allocation.

R.N. Mishra: Thank you very much for your very good remarks and I am really very thankful to you. I have no words to express my happiness. As far as you said that the buyback as I told it is going to happen. Second issue what you said the board should put a policy. You see that every time the board decides what is to be done and it cannot be decided and I do not think that should be decided this. What we are going to give the next year. The only thing what you can see, you can see our history we have performed. We need not to talk about this. Our history if you say you can make out what type of company and what type of thinking this board has. Then you talked about this Buxar Thermal power plant. Of course there are a number of things being talked that yes we may not need thermal power plant, these things are being read in the newspapers, but if you see one thing is there that as far as Buxar thermal power plant is concerned it is on and it will be constructed. Reason is that that we have already got the clearances. Number two, this plant is very much required in that area it will bring the development of the area and also we have already seen power purchase agreement with the Government of Bihar, also interested in the development of this project. The tariff from this project is supposed to be very competitive and this seems to be using the supercritical technology, we are following all the latest emission norms, so this project will be greener as compared to other projects. On Buxar thermal power plant, we are going to construct it and on that we have firm view or you can say that we are on with this project. Thank you.

Moderator: Sir, do you have any other questions?

Pavan Ahluwalia: Yes, but I can get back in the queue, why do not we move to the next person, we will come back in the queue.

Moderator: Thank you. The next question is from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.

Amit Golchha: What was the late payment surcharge number in this year?

R.N. Mishra: Amit, Can you repeat your question, I could not get you?

Amit Golchha: I wanted the number for late payment surcharge for this year, recognized in the books?

R.N. Mishra: Late payment surcharge?

Amit Golchha: Yes.



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- R.N. Mishra:** The late payment surcharge, which we have received from this year was Rs.120.01 Crores.
- Amit Golchha:** Rs.651 Crores of other income?
- R.N. Mishra:** Yes, we have got Rs.651 Crores of other income I can give you the breakup. We have interest from the bank Rs.333.24 Crores, interest on the beneficiary is Rs.90.64 Crores, late payment surcharge Rs.120.01 Crores. We have received this year carbon credit Rs.64.53 Crores, this carbon credit we have received on account of CDM for the 412 megawatts. Rampur Hydroelectric Project and this is a unique project of such a large size, which is registered with UNFCCC for the CDM benefit. Then we have also received a dividend of Rs.2.41 Crores from the CPTC where we are having 26% equity and other small amounts are left under the credit and others about Rs.40 Crores, total making Rs.651.24 Crores.
- Amit Golchha:** Can you brief us about this carbon credit income of Rs.64 Crores, which you have got, so how much we generate per year in Rampur and what kind of pricing was there for last year?
- R.N. Mishra:** You see that for the carbon credit, we had made an agreement earlier that after this registration that 50% of the amount will be given by, the world banks has arranged it an agency who will be giving 50% and the rest of the 50% will be sold in the open market and after that arrangement we are getting 1.4 million CER every year. So what we have done that is the market is as you know very well what is the market activity today. So what we did that instead of waiting for future years to get them for that one we made an agreement considering what could be the future income, what could be the thing we have taken the entire amount, we have agreed that they give us the amount today itself and that is the amount Rs.64.53 Crores has some. It still we can trade our credit whatever we are having in the market and now it is the market is prices are very low in case there is an increase we would be able to earn money from that portion also.
- Amit Golchha:** Which was to be given by World Bank, etc...
- R.N. Mishra:** That has been done.
- Amit Golchha:** Against that all the CER, which would be generated in future, we have received the money today?
- R.N. Mishra:** Yes that we have managed.
- Amit Golchha:** And the balance 50% remains with you?
- R.N. Mishra:** Remains with me that depends upon the market condition.
- Amit Golchha:** This Rs.54 Crores needs to be shared with consumers or this is completely yours?
- R.N. Mishra:** For that or you think all these things are whatever is to be it will be done according to the CERC norms and whatever CERC norms that are there that will be implemented.



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- Amit Golchha:** What I am trying to understand Sir is I do not remember recollect exactly what is the CERC norms regarding this, so in this year against Rs.64 Crores have you passed on any amount to consumer in your revenues?
- R.N. Mishra:** Actually you see in the first year it is not to be passed on.
- Amit Golchha:** Can you provide the incentive breakup for this year?
- R.N. Mishra:** Incentive?
- Amit Golchha:** Yes Sir!
- R.N. Mishra:** Incentive breakup you see that this year our capacity incentive are the Nathpa Jhakri is Rs.137.66 Crores and Rampur it is Rs.64.42 Crores. I will tell about secondary energy also Rs.39.17 Crores and UI charges Rs.19.37 Crores. This total makes Rs.260.62 Crores.
- Amit Golchha:** Thank you very much.
- Moderator:** Thank you. Next question is from the line of Shekhar Singh from Excelsyor Capital. Please go ahead.
- Shekhar Singh:** I just wanted to know when is your next big capacity coming on stream?
- R.N. Mishra:** Shekhar, can you repeat your question, I do not know there is some disturbance. Can you just repeat your question?
- Shekhar Singh:** I was just trying to understand when is your next big capacity coming on stream?
- R.N. Mishra:** On March 31 2017, we have commissioned our solar plant. You said that is the beginning of 5 megawatt in Charanka. This year we are going to commission our 50 megawatt wind power plant Sadla that I expect latest by September 2017. So 50 megawatt will get commissioned it could be earlier also, but that figure I am keeping September 30, 2017 that the Sadla power plant of 50 megawatt will get commissioned. That is the capacity addition this year.
- Shekhar Singh:** And any big capacity, which coming on stream I think the other big capacity, which is coming on stream that will be in 2020?
- R.N. Mishra:** Yes, big capacity will be coming on stream will be somewhere you said 2021 or so, reason being that all other big projects they are there, 60 megawatts Naitwar Mori project for which we have got all the clearances, etc., forex investment, decision expected very soon that 60 megawatt that may come, but if you take that in the Kholongchu Hydropower Plant, Arun-3 power plant, all these things are slated to be somewhere in 2022 and similarly Buxar also we will be somewhere at that time. So big capacity addition in larger three digits will take place obviously that is more than 500 megawatts also we take this somewhere in 2022. In between we will be adding plants solar and wind other things, which will be definitely of a smaller capacity.



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Shekhar Singh:

Great Sir! Thanks a lot.

Moderator:

Thank you. Next question is from the line of Pavan Ahluwalia from Laburnum Capital. Please go ahead.

Pavan Ahluwalia:

Thank you. We have seen newspaper reports about the central government pushing for NTPC to take over best stake in SJVN. We have also seen newspaper reports of Himachal Government is looking to them opposing this move. Any comments you can offer on this likely happening, any you can share on this. Secondly there is a new hydro policy when the government is put out where they appeared to be adjusting returns downwards on hydro projects because interest rates have come down, now that does not appear to make much sense given that interest rates can move around at any point in time, but for whatever reason that seems to be the view that government and CERC have taken. What are the implications for us from this in terms of our recurring earnings and finally if you could give us some update on the progress of the Rampur through up, what stage of that, when do you expect the petition to be approved and earnings to come in?

R.N. Mishra:

Thank you Pavan. You asked about this NTPC. You see that this issue interest has been shown by NTPC and this issue had come up, but so far no concrete decision or proposal is there at least to my knowledge. You talked about the hydro policy, on that I would like to say this hydro policy it is the draft and the draft is the stage what has been put up on the website of MoP. You are saying that government wants to adjust the returns down. There is some proposal for returning and adjusting returns downwards, if returns or ROE is decreased definitely it will impact the total amount of profit, but one thing is there that the hydropower one has to think that hydropower should become commercially viable and they should be acceptable in the present scenario. When another competition is being imposed by the solar, wind and if they are coming to such low rates definitely the consumers would like to have the power as cheap as possible, but at the same time the hydropower has got own advantages and they are unique and the hydropower has to be given due emphasis for the longer run because for grid stability and for the purpose when you need the power at the time of hour when the wind or solar will not be evaluated the hydropower, which can chip in. So the cheaper loan rates, longer depreciation and considering that the cost of the infrastructure, which is being presently loaded on the hydropower if all those things can be handled then hydropower will become viable and that will be very necessary and we have to see all the things in the overall scenario not in isolation or in isolation of what company is going to gain in terms of numbers in profit. Ultimately the total company should survive, nation should survive and the society should survive and for that purpose we enter public sector undertaking there, we are not only profit motivated, but we have to see the overall development in sustainable development and that seems to be our objective. The last question you asked about Rampur petition and this Rampur petition I would like to tell that the petition has been given and the rates were decided on the basis of the provisional rates were given as the Rampur for the time and revised cost estimate approval. The IT has already recommended, the matter is now being send to the CCA. As soon as we get the approval of CCA we will submit our petition based upon the CCA approved cost and I am very much hopeful that this should happen during this year and may be this should happen before Q3 performance should come, final tariff order should come.



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- Pavan Ahluwalia:** Thank you.
- Moderator:** Thank you. Next question is from the line of Kunal Shah from Antique Broking. Please go ahead.
- Kunal Shah:** Thank you for the opportunity. My first question is can you share the details of project wise capex for this year and the next two years probably?
- R.N. Mishra:** Kunal the capex requirement for this year. We have brought the capex figure for this year. Total capex figures are Rs.1068 Crores. This we have distributed like this, for Luhri Hydropower project, which is in investigation Rs.32 Crores, for Dhaula Sidh Rs.85 Crores, for Devsari project Rs.91 Crores, for Naitwar Mori project Rs.72 Crores, for Jakhol Sankri and small projects another Rs.4 Crores, for solar power Rs.100 Crores, for wind power Rs.150 Crores, for our Arun-3 project Rs.295 Crores and for Buxar Rs.185 Crores. These are the major breakup I am giving it to you and the total is Rs.1068 Crores for this year. As far as the next two years are concerned our capex what we have estimated as on date for 2018-2019 is Rs.2775 Crores and for 2019-2020 it is Rs.2817 Crores. Breakup we have not allocated for every project, but I can tell you most of the expenditures will be done on this Arun-III project, Buxar thermal power plant, on the Naitwar Mori project and the Devsari project, which will be coming and the amount, which will be putting in the solar and wind power plant. These will be the major projects, which will be consuming our capex.
- Kunal Shah:** Thanks a lot for that. My second question would be for this quarter we have a negative interest expense and negative regulatory income, so can you just tell us on what account does this happen and also the increase in employee benefit expense, so how much of that would be one off and I am assuming this is one account of pay commission recommendation?
- R.N. Mishra:** You have this finance cost, I think my Director (Finance) will just reply it to you.
- A.S. Bindra:** Actually there is a decrease in the US dollar rate during this year. So because of decrease in the US dollar rate the finance cost has been decreased during this year. So that was the main reason to come with two down.
- R.N. Mishra:** Yes the dollar rate has decreased from 66.77 to 65.30.
- A.S. Bindra:** So for that reason it has come down but the gain if I tell go on to the regulatory income also. So overall profit does not affect because of that. It has come down, final cost has come down the regulatory income has gone up because of that so the thing is PAT has not impacted because of this.
- R.N. Mishra:** Provision for the high cost, because the new pay scales are going to be implemented from January 2017, so we had estimated and made some provision for that towards the employee cost for these three months, that we have done it.



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- A.S. Bindra:** As far as the accurate evaluation they have done it and accordingly we have booked in our records also and as far as in future we will get it from the beneficiaries, so we have booked that also as a regulatory income and that amount be the approximate Rs.8.47 Crores.
- Kunal Shah:** Thank you. That is all.
- Moderator:** Thank you. Next question is from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.
- Amit Golchha:** Sir, can you brief us on what kind of PPA you have signed in solar and wind as of today and what is the visibility, which you see from states?
- R.N. Mishra:** Amit, you want to know about delta PPA we signed for wind?
- Amit Golchha:** Solar and wind both Sir!
- R.N. Mishra:** Solar and wind. See for solar project we are selling it to the Gujarat at the average rate, their electricity rate average it is around Rs.3.19 paise in the Gujarat and we will be able to sell the certificates also from that we will be getting some money when we are able to sell it. As far as wind power project is concerned so far we have not **(Audio cut) 32:29** we are in the process I am talking Sadla, for Khirvire out of 56 units, 53 units PPA was already signed with Maharashtra that was Rs.5.81 paise and for another three units also the PPA has been signed recently in the month of March for Rs.5.70 paise that has been done and we have got another Sadla project, which is yet to be commissioned for that PPA we have not so far signed. Thinking over it we are processing it and as soon as we sign it we will let you know.
- Amit Golchha:** Sir, you mentioned Badla project is it?
- R.N. Mishra:** Sadla.
- Amit Golchha:** So the construction of that project is already undergoing?
- R.N. Mishra:** This project is already under construction and we are going to commission it by September 2017. It could be earlier also.
- Amit Golchha:** How much is the project size Sir?
- R.N. Mishra:** How much will be the?
- Amit Golchha:** Size of the project?
- R.N. Mishra:** Size is 50 megawatt and generation will be about 120 million units in a year.
- Amit Golchha:** How much would be capital cost for this 50 megawatts?



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- R.N. Mishra:** Cost of the project is approximately Rs.371 Crores, O&M charges what we have to pay.
- Amit Golchha:** So Sir beyond these three projects solar plus wind of Maharashtra, which is under construction, what is the visibility on further solar and wind projects from states? Are you able to deals in terms of MOU based projects or you think you will have to go through bidding?
- R.N. Mishra:** So far we have no MOU for the project for the wind or solar, but we are looking at the opportunities we are exploring and we want that we should put some project, we have already issued a tender document for 70 megawatts for this wind power project that bid we have already issued and once bid is received we process and we think that we will award it. We are also looking for some 150 megawatt solar power project in Kanpur Dehat. For those things the discussions are going on with Siddiqui and so far we have not reached to any final conclusion, but these two wind and solar felt that where we have to go on exploring, these are not the things available off the shelf or so easily and also in view of the competition, which is emerging. Conditions are definitely very, very challenging for us, but we are taking the challenge and we hope that we will meet that challenge also.
- Amit Golchha:** And Sir you mentioned that the employee wage provision, which you made in this quarter has been assumed as a pass through, is that correct Sir? The employee wage provision, which you made during this quarter has been assumed as the pass through, so that is included in revenue as well?
- R.N. Mishra:** Actually what happened that whatever business we are doing on the employee all these expenses are allocated to some cost and with the project started under construction their capital cost we allocate it. Whatever O&M part we are getting now that O&M cost we will be getting. Whatever allocation is done that will get capitalized and whatever expenses we are doing when we go for the next petition at that time we have total what were our expenditure for the project during last five years and the system so far being followed by CERC like that, that they average it and based upon the average they will fix the O&M cost for the next five years giving certain escalation or some percentage whatever they fix at that time. So ultimately you can say that if there is an increase, that increase will be taken care of in the O&M cost or the capital cost.
- Amit Golchha:** Sir, last question from my side, Sir the prepayment for FY2017 and FY2018 what kind of obligation you will have in FY2018 and what did you have in FY2017?
- R.N. Mishra:** The projects if you want to know what projects are coming near.
- Amit Golchha:** Debt repayment Sir, I want to know loan repayment, which you did in FY2017 and what kind of obligation you have in FY2018?
- R.N. Mishra:** In FY2017 non-repayment?
- Amit Golchha:** Yes Sir!
- R.N. Mishra:** Non-repayment?



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- Amit Golchha:** Loan repayment Sir?
- R.N. Mishra:** Loan repayment you see that for Nathpa Jhakri we have already paid all the loans. We have already paid Sadla. For the Rampur Hydro Project we had the outstanding loan from the world bank of this Rs.2168 Crores and another loan of 300 Crores we have taken from domestic market. So we have the total run of Rs.2468 Crores and half this I think 5% of something is repayment?
- A.S. Bindra:** For the Rampur loan we will pay approximate Rs.44.40 Crores during the next year and for the SBI loan it is like approximately Rs.16 Crores we will repay in the next year. So this amount is fixed plus interest also we will pay. The principal amount is fixed for the next year also, but this amount is approximate if that there is a fluctuation in the dollar rate this amount will also change accordingly.
- Amit Golchha:** Right Sir! Sir your depreciation is actually about Rs.676 Crores?
- R.N. Mishra:** For the Nathpa Jhakri the depreciation will be now 70% has already been given. Now the balance 30% is to be paid in the next 22 years also. So that amount will be very less. As per Rampur project is concerned, for that this 5.38% that depreciation will be paid, that is a depreciation amount. That will come.
- A.S. Bindra:** Approximate Rs.300 Crores will be less in the next year depreciation.
- Amit Golchha:** Sorry Sir can you repeat it again?
- R.N. Mishra:** The depreciation amount will get reduced because from the Nathpa Jhakri Hydro Power station the depreciation is now going to be reduced.
- Amit Golchha:** That will be from next year?
- R.N. Mishra:** It has already being charged, for Nathpa Jhakri 70% of the depreciation had already been charged. Now 30% we charge in next 22 years or so. So there will be a decrease in the amount of depreciation by about Rs.300 Crores in the coming year. So that is clear you can assume that depreciation will be only about Rs.380 Crores against Rs.679 Crores, but we have shown in the profit and loss account.
- Amit Golchha:** And payments will reduce by similar amount?
- A.S. Bindra:** Our AFT will be reduced accordingly.
- Amit Golchha:** Thank you very much.
- A.S. Bindra:** The profit will remain the same.
- Amit Golchha:** Yes Sir!



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- Moderator:** Thank you. The next question is from the line of Deepak Agrawala from Elara Securities. Please go ahead.
- Deepak Agrawala:** Yes, couple of questions, can you give the breakup of this secondary energy incentive and UI incentive between Nathpa Jhakri and Rampur?
- R.N. Mishra:** Yes, we will give it to you. Secondary energy from the Nathpa Jhakri it was Rs.35.52 Crores and secondary energy from Rampur was Rs.3.65 Crores making total as Rs.39.17 Crores. For UI charges from Nathpa Jhakri Rs.0.71 Crores and from Rampur it is Rs.10.66 Crores making a total of Rs.19.37 Crores. About this capacity incentive as I have already told.
- Deepak Agrawal:** Sir next question is we have seen substantial decline in the debtors, so it has come down to like almost Rs.613 Crores, can you give us like Himachal Pradesh given some amount in this out of their outstanding and what would be the top five debtors in this and composition in terms of greater than six months in this?
- R.N. Mishra:** Yes I will let you know. At this time you see that debtors have declined dramatically I should say that last year on March 31, 2016 our total debtors were Rs.1132 Crores including the unbuild amount, if you take out the unbuild amount it was Rs.1001 Crores. In September 2016 this figure rose to Rs.1720 Crores. Now on March 31, 2016 this figure has come down to Rs.751 Crores, which includes Rs.137 Crores of unbuild amount that is between Rs.630 Crores what you are saying. This impact has come for that we say that a let-off credit goes to the UDAY scheme that because of that we could get a let-off money realized from our beneficiaries. As on date the breakup of Rs.631 Crores if I tell you then from Government of Himachal Pradesh we have a total amount of Rs.306 Crores, from DYPL Rs.82 Crores, but DYPL we have regulated their power, the old one, J&K Rs.77.89 Crores, UPCL Rs.52.7 Crores and all others are below Rs.50 Crores, they range up from Rs.7 Crores, Rs.27 Crores something like this.
- Deepak Agrawala:** So the Himachal Pradesh has come down from Rs.760 Crores as on September 2, Rs.306 Crores as on March. That is a substantial reduction?
- R.N. Mishra:** That is substantial reduction.
- Deepak Agrawala:** Secondly how much of this outstanding now is greater than 60 days?
- R.N. Mishra:** Out of this greater than 60 days is Rs.365 Crores.
- Deepak Agrawala:** As mentioned one notes to account, which is note number five, you are saying this late payments such as from beneficiaries you see some uncertainty of Rs.484 Crores, so can you throw some light on this?
- R.N. Mishra:** See that late payment surcharge, you see that we do not recognize unless we receive the payment, so therefore we take it uncertain and reason being that normally the beneficiaries they want to make the payment of, they want to pay the principal and you see that is a matter of it everybody tries that if they can avoid the surcharge. So this amount we keep it as an uncertain amount



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always it is not only this year if you see all other previous years reports also always we keep it like this and we recognize only when we receive it. Our accounting policy says like that.

Deepak Agrawala: Fair enough Sir and Sir for FY2018 like you mentioned in the morning CNBC that there are some regulations about generation over 100%. Can you throw some light on that?

R.N. Mishra: CERC has come up with a certain regulation where they are telling that they will allow the hydro power plants to be operated, to be scheduled at 100% and whatever we are having the capacity, overload capacity that they want to keep it to take care of the frequency variation, whenever they want we should be able to rise above 100% to 105% to 110% whatever you require by the system. They want to keep it reserve for them. We do not use it. That type of regulation has come and of course they had said that will not be reduced during high flow season. So earlier what used to happen that we were operating our plants at 107%, 108% or like that depending upon the over load of looking at the frequency, that is we were operating the plant and we were getting higher the PAF. Now the impact of this will be that number one the total overall PAF of the plant will get reduced because of this regulation. So our incentive on account of PAF will also get reduced, that will be the impact and secondly the secondary energy, which we are generating because of overloading that will also get reduced but that will not **(Audio cut) 47:31** because the rate of the secondary energy is quite low that is only 90%, but it will have an impact, but this is the regulation, which has been put by CERC considering the grid requirement on the overall system requirement.

Deepak Agrawala: So we will be coming down to an availability of around 100% is what you can?

R.N. Mishra: You see that I will say that availability will be below 100% because as far as the plant maintenance also. Every year the plant has to be maintained for all 365 days at 100% capacity. Sometime will go for plant maintenance, sometime there will be some silt flushing will be done, required to be done when the silt is there; so these things will impact, but only one thing we can assume that we will operate the plant to the best possible maximum PAF and we will see that our consumers are **(Audio cut) 48:34**.

Deepak Agrawala: Just one last question what is the MOU guidance for FY2018 in terms of volume and revenues you can share?

R.N. Mishra: So far our MOU is not signed. So that MOU figures are not there, which I can share with you these are the figures of MOU.

Deepak Agrawala: But how much that you would have an idea how much you would...

R.N. Mishra: You see that if you ask us then we will have an idea of the order of Rs.8800 Crores to Rs.8900 Crores something like this.

Deepak Agrawal: I think that was the last question. Operator is there anyone in the queue?



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- Moderator:** Yes Sir! We have one question from the line of Amit Golchha from HDFC Mutual Fund. Please go ahead.
- Amit Golchha:** Sir, I wanted to understand this in a bit more detail. Normally what kind of plant maintenance Sir, what is silt related maintenance you do, what kind of days generally it takes in a year?
- R.N. Mishra:** As far as plant maintenance is concerned; you see that every year to see that the machines, which are working they are to be inspected. So, to see that they have not developed anything, sudden breakdown may take place. Some preventive maintenance is also being done so that we maintain the car or any other vehicle, some preventive maintenance is done and since our project receives a lot of silt and the silt passes through our underwater plants, our turbines, through our guide ways, labyrinth and other things, so every year we have to take them out and we have to repair it and put it for the next year and already repaired equipments are put back there. All these things take some time. Because of this things normally we try to do these things in the fastest manner and you can say that of approximately 60 machine grid is being taken into our Nathpa Jhakri project in the entire year and I can say that is the best and lowest maintenance time, which we consume.
- Amit Golchha:** Will that mean your availability would be 365 minus 60 divided by 365 if you update **(inaudible)** **51:21**?
- R.N. Mishra:** Yes, my team will definitely, you see that for the 60 machine days I am talking if you divide it by 6 then 10 days total. For 10 days in a manner for the purpose of maintenance minimum 10 days out of 365 days machine is not available.
- Amit Golchha:** So broadly about 96% to 97% would be your.
- R.N. Mishra:** Definitely that will be there. Minimum I can say that will happen and then sometime is also be reduced because of the silt, because suppose we were received a lot of silt then we have to open the silt gate to flush the silt. During that period also we have to keep our plant closed and that happens during the monsoon period when it is the period when the full tower machines are being run for all 24 hours and if the silt increases say beyond 4000 PPM in our reservoir I will order that our machines do not get endangered and they do not get damaged. We have to stop generation for the time this silt concentration of 4000 PPM is in the reservoir. So all these will have some impact, but with the history as it tells that during the last three years also all these things had been managed to at a minimal level.
- Amit Golchha:** What would have been an average machine day loss for silt maintenance or silt removal?
- R.N. Mishra:** See that you can take the average machine day loss, you see that for each machine if you take it you can take it of the order of 15 to 16 days maintenance, silt flushing and everything included.
- Amit Golchha:** Per machine or all the machine days you have stated?



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- R.N. Mishra:** I am talking one machine means all the machines you would have multiply by 6 it means 90 to 100 machineries.
- Amit Golchha:** That is only the silt part of it you are saying?
- R.N. Mishra:** Everything included.
- Amit Golchha:** Thank you very much and all the best Sir!
- Moderator:** Thank you Sir! Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Deepak Agrawala for his closing comments.
- Deepak Agrawala:** We thank Mr. Mishra, Mr. Bindra and their team for giving us an opportunity to host this conference call. We also thank all the investors and analysts for joining this call. Sir any closing remarks you would like to offer before we close?
- R.N. Mishra:** Thank you very much Deepak and I thank all the analysts and all who have joined this conference, who asked the questions. I hope that we have been able to reply you to your satisfaction. The financial results of this year has been very encouraging and actually our performance year-over-year has been very good if you see and this year performance has been better than the last year and we assure you that we will continue this performance on the front of operation of plant, on the front of construction of projects on every front and we will do our best. We need your good wishes and we need all your blessings that this company grows and this company becomes one of the top companies of the country and world-class company. This blessing I will need from you. Thank you very much.
- Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of Elara Securities Private Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.