



SJVN/CS/93/2019-

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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 31st March, 2019(Q4, FY 2018-19)

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 Thursday, 30th May, 2019 to discuss the Audited Financial Results for the FY 2018-19 and Financial Results for the quarter ended 31st March, 2019.

Kindly take the above information on record and oblige.

Thanking you,

Yours Faithfully,


(Soumendra Das) 6/6/2019
Company Secretary

Encl: As above



“SJVN Limited
Q4 FY19 Earnings Conference Call”

May 30, 2019



Management: Mr. N. L. Sharma -- Chairman and Managing Director
Mr. A. S. Bindra -- Director (Finance)

Moderator: Mr. Rupesh Sankhe -- Elara Securities Private Limited



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Moderator: Ladies and Gentlemen, Good day and welcome to the SJVN Limited Q4 FY19 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 ‘*’ and 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. Thank you and over to you, sir.

Rupesh Sankhe: Good afternoon everyone on behalf of Elara Securities we welcome you all for the Q4 FY19 Conference Call of SJVN Limited. I take this opportunity to welcome the management of SJVN represented by Nand Lal Sharma – Chairman and Managing Director and Mr. Amarjit Singh Bindra – 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 Lal Sharma for his opening remarks. Over to you, sir.

Nand Lal Sharma: Good morning everybody. Let me brief you about the company as a whole. SJVN has a portfolio of hydro wind and solar projects so far as the operational projects are concerned. However, we have also diversified into thermal the projects which we are going to start construction in the very near future. As on date our installed capacity is around 2015 megawatt and they have an ambitious plan of expanding, increasing our installed capacity to 5,000 by 2023 and 12,000 by 2030 and 25,000 by 2040 this ambitious plan we have already made for the corporation. So, far as the results of this year quarter are concerned there is a great positive if we talk of it in terms of the percentage. We have registered an increase of 19% in the revenue from operations 12.4% in the total revenue, total income. Profit before tax increase by about 8.75% and profit after tax increased by 11.38%. Resultantly the earning per share EPS increase by 16.89% and book value also increase from Rs. 27.21 to Rs. 28.60 in the year FY10.

In terms of absolute number, the revenue from operation increased to Rs. 2,655 crores from 2,230 crores whereas as the total revenue increased from 2587 last year to Rs. 2,909 crores. Profit before tax which is of Rs. 1,680 crores last year it increased to Rs. 1,792 crores and the profit after tax which was Rs. 1,225 crores last year it increased to Rs. 1,364 crores and the earning per share which was Rs. 2.97 paisa last year which increased to Rs. 3.47 paisa this year and if we talk of the dividend which we declared the interim dividend was paid in the month of February, March and yesterday board took a decision recommended for approval in the AGM additional Rs. 65 per share face value of Rs. 10 so final dividend. So, the total dividend comes to Rs. 2.15 paisa as a whole Rs. 1.95 paisa declared as the interim dividend and the final dividend 65 paisa. So, far we have achieved a remarkable achievement in recovering the outstanding. The debtors decrease last year Rs. 434 crores now it has come down to Rs. 276 crores we have now reached the figure of Rs. 276 crores outstanding debtors.

So, far as the outstanding loans, borrowings are concerned in our books the figure is Rs. 2,155 crores against last year borrowing was Rs. 2,230 crores out of this major portion in terms of dollars there is a World Bank loan which is the outstanding of World Bank loan is Rs. \$279



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million against Rs. \$302 million last year. This year we are going very well in terms of generation, we have registered an increase of 60% in FY20. Last year the generation from all the operational projects till 29th of May 2019 in the 18 it was 1,033 million units and this year FFY20 it is 1,633 million units so about 60% increase in the generation because of the good snowfall last year precipitation and resulted good discharge in the river that is the highlights which we wanted to share with the people.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Mr. Nagraj Chandrasekar from Laburnum Capital. Please go ahead.

Nagraj Chandrasekar: My first question would be on capital allocations specifically buybacks it has been one year since we last did a buyback I think you had mentioned in the last concall that post March this would be on the table again so would this be something you would be looking at in this financial year?

Amarjit Singh Bindra: Yes, we are ready for that whenever it comes.

Nagraj Chandrasekar: And then also on the rumors of NTPC taking over the government of India stake in our company where is that process as of now?

Amarjit Singh Bindra: As the management I have no comment to make rather I cannot make any comments as a part of the management to manage the company. The final call is taken by the government of India the major shareholders.

Nagraj Chandrasekar: What would be the PAT for the fourth quarter if one were to exclude the one off impact of the Rampur?

Amarjit Singh Bindra: PAT for the fourth quarter is 458.92 crores against the last year it as 132.93 crores so that was the PAT for fourth quarter and there is an increase of 326 crores during this quarter.

Nagraj Chandrasekar: No, my question was what would be the PAT if we were to exclude the impact of the Rampur true up which would have flown through quarter4?

Nand Lal Sharma: Rampur was a Rs. 460 crores Rampur there and we are paying the dividend that also, but if you are excluding the Rampur there is a 88 crores negative for the Nathpa-Jhakri also then we have to include the 460 crores also and 88 minus means we have to come to Rs.372 crores against the 420 profit of our this year is 458 even then there will be profit of rupees approximately Rs. 88 crores profit will be there, but Rampur cannot be excluded because already we have already filed the tariff petition and already just there so order may come anytime in this year itself. So, this order has to be come in this year itself and there will be profit for that also. So, excluding the Rampur will be ramping I will say.

Nagraj Chandrasekar: And just when are you expecting the Rampur order to come in?



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Nand Lal Sharma: It has been held up let us say anytime it may come we can hope after this government is formed and thereafter what happened so this may come as in this year calendar year itself anytime it may come in this calendar year itself.

Nagraj Chandrasekar: And just one final question on your CAPEX for FY19 and your estimates for '20 and '21 and the split by projects?

Nand Lal Sharma: For the year 19 there was a CAPEX of Rs. 935 crores against that we have already spend 850 crores during this year, but for the 19-20 Rs. 1,200 crores CAPEX is there and for the 2021 we have a CAPEX of Rs. 2,500 crores, 21-22 there is a 3,000 crores. So, CAPEX now Buxar project, Naitwar Mori as well as the Arun-III projects they are already under construction so CAPEX will be increased now and full CAPEX will be during the year 21-22 that is a Rs. 3000 crores so that will be the CAPEX for next three years.

Moderator: The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi: Sir just couple of questions if you could throw some light on what is the progress in Arun-III and Buxar in terms of the construction in PPA and clearances and secondly if you could just help us with the approval that have come for Rampur so how much is the regulated equity is fully increased?

Amarjit Singh Bindra: So, far as the progress under construction first I will brief about the Arun-III projects it is 900 megawatt project and we divided it into four packages, two for the civil, one for hydro mechanical and one for the electromechanical. So, as far as the progress on civil packages again is divided into two. One is for them and part of headrace tunnel and second is the headrace tunnel and the power house compliance. So, Arun-III project the work has already started on all the fronts. There are about 14 fronts and connectivity to all connectivity and approvals to all the working front has already been there and there is a good progress. We have already into headrace tunnel from one edit and the excavation for the headrace tunnel from that front is around 500 meter and work on diversion tunnel is also going on about 60% to 70% diversion tunnel has already been covered and the other had the work on the power house funds we have already entered the power house from the main access tunnel, the crown on the power house and excavation work on the cavern access tunnel already started. So, progress is good although there are some difficulties, there are some obstacles also, some law and order problem also sometimes one group they has created some problem, but the government of Nepal is helping and coming in our port in at every front wherever we require still the conditions of connecting road that is Koshi Highway that has improved, but some difficulties are still there but the progress we can term it as satisfactory and the progress on the other hydroelectric project that is in India Uttarakhand 60 megawatt Naitwar Mori project. We are facing some zoological surprises, but our engineers, our manpower, our people they are doing their best and we are also satisfactorily moving in that area. Regarding Buxar Thermal project we are in the process of awarding the work we have prepared just EPC engineering, procurement and construction for the one package only for the entire project. Now we are in



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the process of awarding the work shortly say in month or two we will award the work and regarding the Rampur project.

Nand Lal Sharma: For Rampur project we have filed a tariff petition of Rs. 4,233 crores that already we are taken in the account say 85% of that is around Rs. 3,600 crores we have taken it and we have accounted this and balance amount whenever final order will come the balance amount will be accounted during this year itself.

Moderator: The next question is from the line of Chirag Vekaria from Budhrani Finance Limited. Please go ahead.

Chirag Vekaria: Sir just wanted to get a sense on your note number 4 where you have written the amount of 611 crores is due, but not recognized and what is this in regards to sir?

Nand Lal Sharma: This is regarding the LPF. LPF we are recognizing whenever we received the amount so LPF has not been recognized that is the point.

Chirag Vekaria: It mentions that there is significant uncertainty towards recovery is it so?

Nand Lal Sharma: LPF if unless and until LFP is paid by the discoms nobody recognize it is depend on the amount whenever they pay. So, this amount is approximately 611 crores will be paid whenever there then will be recognized that is the reason, we are not recognizing even a single paisa against the LPF.

Chirag Vekaria: And sir project coming up in FY20 a wind or a solar project?

Amarjit Singh Bindra: We have already fixed the target of capacity addition of awarding one 50 megawatt project in the solar renewable sector and the other project we are trying that Luhri Stage-I this is 210 megawatt we are already in discussion with the state government for extending some concessions to make the project viable and the clearances almost all the clearances we have already been done. Now the investment approval for the project will go to government of India for the cabinet approval.

Chirag Vekaria: In FY20 no new project is getting commissioned in FY20?

Amarjit Singh Bindra: We can only expect awarding of the renewable project but commissioning cannot be.

Chirag Vekaria: And sir I joined in a bit late if you can just give me some data points for FY20 in terms of energy generated by various projects PFA UI charged capacity incentive?

Amarjit Singh Bindra: Total energy generated from all the projects under operations there is 8,435 million units out of Nathpa-Jhakri 15 megawatt project the share is 6,507 million unit, Rampur hydro power station is 1,828 million unit, Khirvire Wind Project is 62 million unit, Sadla Project which we commissioned this year is 29.69 million unit and one Charanka Solar project in Gujarat 7.4



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million and total it is 8,435 million unit and the plant availability factor this year of hydro projects is 103%.

Chirag Vekaria:

Sir UI and capacity incentive?

Amarjit Singh Bindra:

Total capacity incentive this year for hydro project is Rs. 172 crores against Rs. 126.5 crores last year and UIE charges this year is Rs. 39 crores against Rs. 60 crores last year and we have also received some carbon credit of Rs. 1.69 crores and total incentive this year comes to Rs. 213 crores against Rs. 228 crores last year.

Moderator:

The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

Rahul Modi:

Sir just one question so the CAPEX that you have guided how much will be the equity because if there are JV projects in this on a yearly basis?

Amarjit Singh Bindra:

For the next year I have said it is 2,500 crores out of that equity will be 1,320 and debt will be 1,180. Next year it will be 3,000 equity will be 1,600 and debt will be 1,400.

Moderator:

The next question is from the line of Rupesh Sankhe from Elara Securities. Please go ahead.

Rupesh Sankhe:

Can you please share the plant wise PLF for our operating assets and secondly what are our internal target of an installed capacity let us say in next 5 to 10 years and how we are going to achieve it?

Amarjit Singh Bindra:

Capacity addition for the next 5 to 10 years they have already set a target and this is target of achieving a milestone of installed capacity of 5,000 megawatt by 2023. As on date we are 2,015 megawatt and by 2023 we aim to achieve installed capacity of 5,000 megawatt means additions of about 3,000 megawatt in the next 4 years and for 2030 we have set a target of installed capacity of 12,000 megawatt. As on date if we see at our portfolio projects of 4,800 megawatt are under different stages say under construction and a survey investigation and we are also trying to have more project in our portfolio acquiring more new projects, Brownfield projects in various regions say in Himachal, in Uttarakhand, in Arunachal Pradesh even abroad also in Nepal also. We are trying to get more projects; we have already set business expansion team and we are sure that we will get more project. Last year also government of Himachal Pradesh allocated one more project 780 megawatt Jangi Thopan project in Kinnaur district and we are also having discussions with these government of Himachal Pradesh to allocate more projects in Chenab basin we are on this path of expansion.

Moderator:

The next question is from the line of Karthik Muthuswamy from Trident Advisors. Please go ahead.

Karthik Muthuswamy:

You had mentioned earlier in the call today that you are considering a buyback, can you please give us a timeline for this?



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Amarjit Singh Bindra: At this moment we cannot give the timeline, but whenever the government says means they are already under the process and whenever the government say we are ready whenever the government say we will go ahead with that, but what is the timeline because they will have a discussion with the government of India also. So, let the government of Himachal and government of India may decide the timeline, we will follow the timeline whatever given by them.

Moderator: The next question is from the line of Nagraj Chandrasekar from Laburnum Capital. Please go ahead.

Nagraj Chandrasekar: Just could you give us a sense of completion timelines for Arun-III, Naitwar Mori and Buxar that you anticipate as of now?

Amarjit Singh Bindra: The timeline for Arun-III completion is December 23 and for Naitwar Mori it is December 22.

Nagraj Chandrasekar: And just if I go by your CAPEX schedule and your debt to equity mix and your cash flow generation as of now over the next three years and given your roughly giving back around 1,000 crores of years and as a dividend or buybacks I see that over the next three years your cash position would gradually come down for a fair amount, just wanted to understand why we are being so conservative on the debt portion of our CAPEX financing for building out these plants and do you see a continuation of this dividend or buybacks going forward beyond this in the next year or two as well?

Nand Lal Sharma: Regarding your debt portion we are saying that we are thinking about the debt of 70-30 ratio so that is continuing for that and we do not think just I fully agree our cash portion will come down, but with the increase in the portfolio if we require at this for the next two, three years we do not require, but if requires after three years we may go for in the market for the capital enhancement but debt equity ratio will be 70-30 itself and at present we do not have any debt against Nathpa-Jhakri project. So, we have a require we may go for some of the projects for 80-20 also in future if we require but presently, we are thinking about 70-30 ratio itself. Regarding your buyback this year of course we are going for the buyback and if tomorrow we require further capital then we should we go for the buyback after that we will think about if we required to increase our capital then buyback will not be there, but capital issue will be there but at least for the next three years I do not expect any buyback after that and the increase in the issue of IPO also I do not think that, but if required we will see that time itself that will take a call at the time itself.

Moderator: As there are no further question, I would now like to hand the conference over to Mr. Rupesh Sankhe from closing comments.

Rupesh Sankhe: We thank Mr. Sharma, Mr. Bindra for giving us an opportunity for this call. We also thank all the investors and the analyst for joining for this call. We now hand over the call to the management for any closing remarks.



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Amarjit Singh Bindra: Thank you the numbers are encouraging positive this year next year also we do expect that generation this year is going to be quite good. We have already registered a 60% increase in the generation, so we expect that we also perform well in the next year and on the projects under construction our focus is on expediting the construction work on these projects and also expanding the business portfolio of the company by acquiring more and more projects by obtaining more and more hydro projects. Our core strength is in hydro so we are trying to have more projects in hydro. Simultaneously we have also diversified we are shortly we are going to award the EPC contract of Buxar 1,320-megawatt project, we also intend to complete it within a time period of 4.5 years. So, our focus is on these sides. Thank you.

Nand Lal Sharma: Plus, during this year we are expecting that Rampur project as well as the Nathpa-Jhakri project we will receive a final tariff for that a tremendous arrear will also come, so our profit will be much more during this year than the year we have given this year current year.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Elara Securities Private Limited. that conclude this conference. Thank you for joining you may now disconnect your lines now.