

CIN: L40101HP1988GOI008409



एसजेवीएन लिमिटेड

**SJVN Limited**

(A Joint Venture of GOI & GOHP)

A Mini Ratna & Schedule "A" Company

SJVN/CS/93/2020-

Date: 16/11/2020

**NSE Symbol: SJVN-EQ**

**BOLT SCRIP ID: SJVN,**  
**SCRIP CODE: 533206**

**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 30<sup>th</sup> September, 2020(Q2, 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 Wednesday, 11<sup>th</sup> November, 2020 to discuss the Financial Results for the second Quarter ended 30<sup>th</sup> September, 2020 (Q2, FY2020-21).

Kindly take the above information on record and oblige.

Thanking you,

Yours faithfully,

(Soumendhra Das)  
Company Secretary

**Encl: As above**



**SJVN LIMITED**

(A Joint Venture of Govt. of India & Govt. of Himachal Pradesh)  
A 'Mini Ratna' & Schedule 'A' PSU | ISO 9001:2015 Certified Company  
CIN: L40101HP1988GOI008409

## “SJVN Q2 FY-21 Earnings Conference Call”

**November 11, 2020**



**SJVN LIMITED**

(A Joint Venture of Govt. of India & Govt. of Himachal Pradesh)  
A 'Mini Ratna' & Schedule 'A' PSU | ISO 9001:2015 Certified Company  
CIN: L40101HP1988GOI008409



**MANAGEMENT: MR. NAND LAL SHARMA – CHAIRMAN & MANAGING DIRECTOR.**

**MR. AKHILESHWAR SINGH – DIRECTOR (FINANCE).**

**MODERATOR: MR. RUPESH SANKHE -- ELARA SECURITIES PRIVATE LIMITED**



**SJVN LIMITED**

(A Joint Venture of Govt. of India & Govt. of Himachal Pradesh)  
A 'Mini Ratna' & Schedule 'A' PSU | ISO 9001:2015 Certified Company  
CIN: L40101HP1988GOI008409

SJVN  
November 11, 2020

**Moderator:** Ladies and gentlemen, good day and welcome to the conference call to discuss Q2 FY21 Results SJVN 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 Mr. 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 Q2 FY21 Conference Call of SJVN. I take this opportunity to welcome the management of SJVN represented by Mr. NL Sharma – Chairman and Managing Director and Mr. AK Singh – Director (Finance). So, we will begin the call with a brief overview by the management followed by a Q&A session. I will now hand over the call to Mr. NL Sharma for his opening remarks. Over to you sir.

**Nand Lal Sharma:** Thank you Rupesh. Good afternoon to all, opening brief in this quarter Q2 during this period, we have got a investment approval of two hydro projects in Himachal Pradesh and their capacity put together is 276 megawatt and investment in the next five years on these two projects is to the tune of Rs.2500 crore, beside these two hydro projects we have got two solar projects also through competitive bidding bases, one is 100 megawatt Dholera solar project in Gujarat is of 100 megawatt capacity and investment on this project will be around Rs.450 crore. Second again solar project in Gujarat that we also are got through open competitive bidding bases and investment will also be to the tune of Rs.450 Crores. So, on these four projects which we got investment approval through competitive bidding the solar project we got, total capacity will be around 476 megawatt and investment on these projects will be to the tune of Rs.3400 crore. So, that is the positive point which I would like to share with all.

Second our AGM was conducted on 29th of September 2020. Annual General Meeting approved the final dividend of Rs.0.50 per share and price rate interim dividend of Rs.1.70 was also declared, so both interim dividend and final dividend approved by the board and then by the shareholders is Rs.2.20 on the face value of per share Rs.10. So, there was another positive news.

Regarding the performance, operational and financial performance during the quarter two as I also shared during the first quarter that water discharge in the river as well as wind velocity in the wind project was quite low in this year, water discharge because of the prolonged winter in the hilly reason and snow could not melt but this quarter two which includes major portion of full flow season monsoon season, it's discharge was good because of that and our machine availability was also above 108%, about 109% and that is best in the industry, in the country most of the hydro plants are operating at plant availability factor of less than 100. But are these two projects, we are operating these two hydro projects as part availability factor of more than 100% and during this quarter with not availability factor of both Nathpa-Jhakri and Rampur Hydro Power station was around 109% which is a record so far I think. But at the same time



the financial results are not that as good. Total generation if I talk of the total generation, there is increase in the total generation from all the five projects under generation, five plus two hydro projects are under generation, two wind projects and one solar project under generation. The total generation during the Q2 has increased from 4296 million unit 4390 million units an increase of around 94 million units during this quarter. This was because of the best operating efficiency of this particularly the hydro plant.

Particularly the revenue if the hydro power the revenue, the total income during this period quarter two declines from Rs.1029 crore to Rs.888.9 crore, there is a decrease of 13.6% the decrease in the total income is because of the fact also that last year during the quarter two we received the arrear on account of tariff reason of our these two projects, so there was arrear of on Rs.105 crore, in the last years Q2 these arrears were also included. The quarterly it is due to that and partly due to the AFC of one of the projects which depreciation, major depreciation has already taken place, there is a second reason. Regarding the expenditure, expenditure expenses during this quarter two have declined, have declined by Rs.136 crore. Last year in the Q2 total expenses were Rs.339 crore and this is Rs.202 crore, but the profit before tax also declined by around 13% it is 647 crore against 744 crores last year. Resultantly the profit after tax also, profit has declined by 15.6%, this is 522 crores against 619 crores last year.

Similarly, sale from both for hydro and wind project during this quarter have also declined saved from revenue from operations and other income also. So, plant availability factor as have already shared that 109% against 106% I understand 7% last year, plant availability factor has increased by 2%. Then the incentive during this period quarter two, the total incentives, capacity incentives UI charges, then REPs from the solar project have been increased, have increased from 55 crores last year and increase to 65.85 crore this year, this increase of 10.5% almost. So, this is the brief of the Q2 results of SJVN. Questions are welcomed now.

**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 DAM Capital. Please go ahead.

**Mohit Kumar:** Sir two questions, on the receiver side what is the situation, where are the dues and when do you expect this to come down substantially. Right now at the end of FY September 20 it was 823 odd crores right?

**Nand Lal Sharma:** Yes.

**Mohit Kumar:** Do you expect it to come substantially down in the second half, H2?

**Nand Lal Sharma:** The total receivable at the end of March were Rs.745 crore, and at the end of this quarter we have 823, about Rs.822.84 crore and the major portion of these receivables 6200 crore is from J&K whereas, some other beneficiary in the states where the situation is normal we are getting regular payments, but the problem is with J&K we received about Rs.150 crore J&K but still Rs.602 crore are still pending with them. J&K government has already taken up the matter with the Government of India and in the that **(Inaudible) 10:51** PFC and REC have come



forward, they are signing agreement with the state to pay receivables to the generator. So, we expect that we will receive payment, some payment from J&K also in future.

**Mohit Kumar:** Did we expect this substantial payment from the J&K in the second half from the PFC and REC scheme or do you think you will not be able to liquidate the entire 1602 odd crore?

**Nand Lal Sharma:** They will receive payment so PFC and REC we are hopeful government of J&K, it is for the government of India has pursued with the REC and PFC, ministry of power so we expect that major portion will come.

**Mohit Kumar:** Okay, sir. Secondly, on the pipeline of projects which we have right now, the Kholongchhu is the tender is not awarded as of now am I right and when do you expect this to be awarded and what is the time line for the Luhri the 210 megawatt which is approved by the cabinet present?

**Nand Lal Sharma:** Yes, regarding Kholongchhu project it's tendering process is almost complete we are just ready to award the work but because of the Corona the contractor will not be able to mobilize the labor and other parts, so we are just weighing the option how fast it can be, but it will be done soon. Regarding Luhri project it is 210 megawatt project and total cost is Rs.1810 crore and the timeline is 62 months. We are ready with the awarding of the work in short period we will receive formal communication from government of India regarding the investment approvals, CFA has approved it on 4th of November. So, in this week or next year we will get formal letter from government of India and we are ready with the awarding the work we have already finalized that we will be awarding the work and work will start within two months.

**Mohit Kumar:** And any tender you are looking to award in the H2 one FY22?

**Nand Lal Sharma:** H2 yes, there is another project Dhaulasidh project 66 megawatt project it's Rs.688 crore project so we have already initiated the tending process and we will be awarding it before by end of this year or in the first month of next year January 2020, then there is another project Dholera solar project it's 100 megawatt project we have already awarded this to the contractor, the Rs.454 crore investment and work will be started in a month or two, and this project will be completed in 1.5 year.

**Mohit Kumar:** And anything with Jangi-Thopan, Bardang, Purthi, Reoli Dugli which you have won recently are they, will this all this process will take a lot of time or are you looking to complete in the next start standing work in the recent, next 12 to 34 months?

**Nand Lal Sharma:** Let me clear that these projects are yet, in the phase of survey and investigation. So, all geological, hydrological investigations will be done then thereafter DPR will be prepared then DPR will be sent to the central electricity North east center water commission then what is the mission, then DPR will be cleared so it will take at least first one and a half year for the investigation then about one year for the DPR approval and simultaneously we will take up the clearances of environment and forest then land acquisition. So work may start say after three years if everything goes well. Similarly, the Chenab valley also we have started the



investigation work and we'll be able to complete the clearances and the BGR preparation aspect. And again, it will take at least three years to start the work and everything if goes smoothly.

**Moderator:** Thank you. The next question is from the line of Santosh Kumar Khemka. Please go ahead.

**Santosh Kumar Khemka:** I want to ask you about the Buxar project which is around 1250 megawatt, what is the progress and when it is likely to be commissioned?

**Nand Lal Sharma:** Buxar Thermal project is 1320-megawatt project, there are two generators of 660 megawatts each supercritical technology, with lesser pollution. The work was awarded in June 2019 and the completion period is January 24 of the two unit with 10,000 core projects we're started there were impacts due to Corona on the speed of the work, but now we have already geared up, the foundation of boiler, first unit of the boiler has already been late and work has started, work is picking up, though there were some issues regarding labor availability due to Corona but we are tackling these issues also.

**Santosh Kumar Khemka:** You are planning for such big investments and whether you are planning for an increase in the equity capital of the company by issue of bonus shares or right shares?

**Nand Lal Sharma:** Not yet if we need we can go for that but our financials are given our reach the equity portion and as well as debt portion which we can tie up with a bank we are comfortable for the next four, five years. And the cash flow accordingly new projects will be commissioned then the additional cash flow will come, we are comfortable with lot of what if we need we can go for.

**Santosh Kumar Khemka:** Okay. Another this is the dividend distribution tax has been abolished for the companies can we expect a higher dividend in this current year, what is your view on that?

**Nand Lal Sharma:** Right now, we cannot comment upon it, but it is assured that we will be giving good dividend to the shareholders.

**Moderator:** Thank you. The next question is from the line of Rupesh. Please go ahead.

**Rupesh:** Sir, what was the surcharge income this quarter versus last year same quarter, and secondly sir any thoughts on round the clock bundling with RE or any kind of hydro policy ahead?

**Nand Lal Sharma:** This surcharge you are talking of the incentives or?

**Rupesh:** Yes, incentives.

**Nand Lal Sharma:** Yes, total incentives we received during this quarter Rs.65.85 crore against last year Rs.55.27 crore so there is increased from more than 10 crores. These incentives are capacity incentives from both the position AUI charges. So, on both the front capacity as well as the UI charges there is an increase in this quarter, from both the projects.



- Rupesh:** Okay, sir. Sir any thought on this bundling of hydro with renewable energy like coal policy or is there any thought on the hydro power purchase obligation for the hydro?
- Nand Lal Sharma:** Obligation government is yet to finalize that benchmark, that trajectory non-solar RPO, but government is almost on the stage of finalization of this trajectory, so we are waiting for that. Our project Natwar Mori project and other projects which we will be starting construction during this year or next year will be included in that, so that is one thing. And bundling of the hydro with the solar and other so, we are taking up the matter with the Government of India because as of now, we have long term PPS with the utilities. Only 15% un-allocation with Government of India is unbundled, but the government of India have its own obligation to extend it to the other next stage, but for the coming projects we surely be thinking of bundling the project, the power, whose power is not tied up as yet, we will be definitely thinking of bundling it with the solar.
- Moderator:** Thank you. The next question is from the line of Dhiraj Dave from Samvad Financial Services. Please go ahead.
- Dhiraj Dave:** Sir during this period, this quarter we find the interest cost and the finance charge that being the negative, around 33 crore I consolidated numbers, so it's coming at minus 33.48. So, can you explain how because last year, corresponding period last year was 467 crore. So, what resulted in negative finance cost?
- Nand Lal Sharma:** Interest cost. This is because of the foreign exchange variation, rate variation, last year this dollar rate was high and this year dollar rate was less, we have got World Bank in dollar so it depends on the rate of the dollar, vise-vis rupees, it is because of that.
- Dhiraj Dave:** So, if we have to take for a year normalize year when there is no volatility, how one should project, how you see your finance cost over the year, how you planning for that?
- Nand Lal Sharma:** Other than this World Bank loan we have taken loan from the Indian Bank. So, almost rate of interest is known so we have already planned it like that rather the rate of interest are coming down, so there is a small range bids.
- Dhiraj Dave:** So, on this standalone financial we find borrowings of around 1800 crore which was last year 1972 crore, so all of that 1831 approximately how much would be World Bank loan?
- Nand Lal Sharma:** 1955 crore is World Bank loan and 200 crore is from the Indian Bank, Axis Bank.
- Dhiraj Dave:** Okay, so basically prominently really like kind of 90% of loan is World Bank loan, that is what basically. And do we take any kind of hedge for this loan, since all our revenues are link to rupee and the borrowing is in kind of it to?
- Nand Lal Sharma:** No, we have not gone for that because the hedging cost is more than the change in variation. Change in the exchange rates.



- Dhiraj Dave:** Okay, so no hedge on this loan as of now?
- Nand Lal Sharma:** Not yet.
- Dhiraj Dave:** So, what is the kind of CAPEX for next one year levels, in the sense that yes we do have kind of pipeline, what I understand from discussion with you over couple of calls is basically it takes reasonably long time. So, if I to say cash outflow on CAPEX rather than what project we have won and what previous stage we are, how we should look at one, two years kind of next half year, how much CAPEX cash outflow we shall expect, CAPEX outflow I am not taking of project which we are undertaking but cash outflow what we plan.
- Nand Lal Sharma:** Yes, this year we have planned for 2800 crore CAPEX and next we will be going for about 4000 CAPEX.
- Dhiraj Dave:** Okay. And this year of 2800 how much we have actually spent cash spend in first half?
- Nand Lal Sharma:** Only about Rs.700 crore. But, in the next month, because of the COVID the work was slow down, so now really it is picking up now.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Yes, we do but our CAPEX requirement, equity requirement for the next couple of years it won't be more than 1200, 1400 crores am I rightly saying that?
- Nand Lal Sharma:** CAPEX requirement.
- Mohit Kumar:** No, sorry equity requirement. Equity requirements to meet 4000 crores next year out of which.
- Nand Lal Sharma:** It will be Rs.1000 to Rs.1500 crore.
- Mohit Kumar:** Correct. That's it right, so that is the requirement for this year and the next year FY21 and FY22?
- Nand Lal Sharma:** Yes.
- Moderator:** Thank you. The next question is from the line of Chirag from Budhrani Finance. Please go ahead.
- Chirag:** Sir this Dholera project this would commission by when?
- Nand Lal Sharma:** Dholera project will be commissioned before March 22.





- Chirag:** And sir I have read, that you have called for some land you have some tenders for 1500 acre land in Rajasthan for a solar project how big is the project and what is the timeline we are looking for in terms of commissioning and all?
- Nand Lal Sharma:** Yes, we are planning to have chunks of land in Rajasthan and going forward, we have plan of about 500 to 1000 megawatt project in Rajasthan in the coming year. So, we have **(Inaudible)** 27:03 these projects.
- Chirag:** So this will end till what CAPEX?
- Nand Lal Sharma:** CAPEX say 500 megawatt capacity CAPEX will be around 2000 to 2400.
- Chirag:** Okay. So, the earliest a project will be commissioned is by when, we have so many projects in pipeline when is the earliest a project will commission in our books?
- Nand Lal Sharma:** Naitwar Mori project hydro project will be commissioned in 22. Then Dholera project park will also be commissioned in 22 and maybe if we are fortunate then we commission 1st December 21 also then another solar project we have taken in Gujarat is Raghnesda that again will be commissioned in 22.
- Chirag:** Okay. And sir just last thing this Naitwar Mori would generate how many million units?
- Nand Lal Sharma:** 304 million units, it's 265 million unit.
- Moderator:** Thank you. The next question is from the line of Rupesh. Please go ahead.
- Rupesh:** Sir just wanted to get an update on the Arun 3 project and we have maintained the same commissioning timeline and on Buxar and Bhutan, how much CAPEX we have incurred in FY21 now?
- Nand Lal Sharma:** In Arun 3 project, Arun 3 project as per project development agreement which has been signed with the government of Nepal, the cutoff date will be February 2025 without incurring any penalty on the company, but we are expecting it that we will commission in 2023. So, that is and so far around 1400 crore has been spent on it and work is going on, although during the Corona period, there were some adverse impacts on the progress of the project because of the availability of labor, supply of the material what we are taking up the issues with our respective governments, government of Nepal or India. I would like to also to inform you that today Prime Minister of Nepal, visited our project site and he has commented very positively regarding the progress of the project. This is the largest projects in Nepal or largest ever investments in Nepal by any country or any company. So, Prime Minister himself opted to visit the progress within the project and see progress. So, we are optimistic that we will complete the project in 2023. Similarly, Buxar project we have incurred CAPEX of around Rs.1050 crore CAPEX and in Bhutan also this is joint venture so far the CAPEX expenditure of this project is around Rs.350 crore.

**SJVN LIMITED**

(A Joint Venture of Govt. of India & Govt. of Himachal Pradesh)  
A 'Mini Ratna' & Schedule 'A' PSU | ISO 9001:2015 Certified Company  
CIN: L40101HP1988GOI008409

*SJVN  
November 11, 2020*

**Moderator:** Thank you. As there are no further questions from the participants. I would now like to hand the conference over to Mr. Rupesh Sankhe.

**Rupesh Sankhe:** We thanks Mr. NL Sharma for giving us an opportunity to host this call. And we also thank all the investor, the analyst for joining this call. Thank you.

**Nand Lal Sharma:** Thank you Rupesh and thank you all investors and analysts.

**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.