

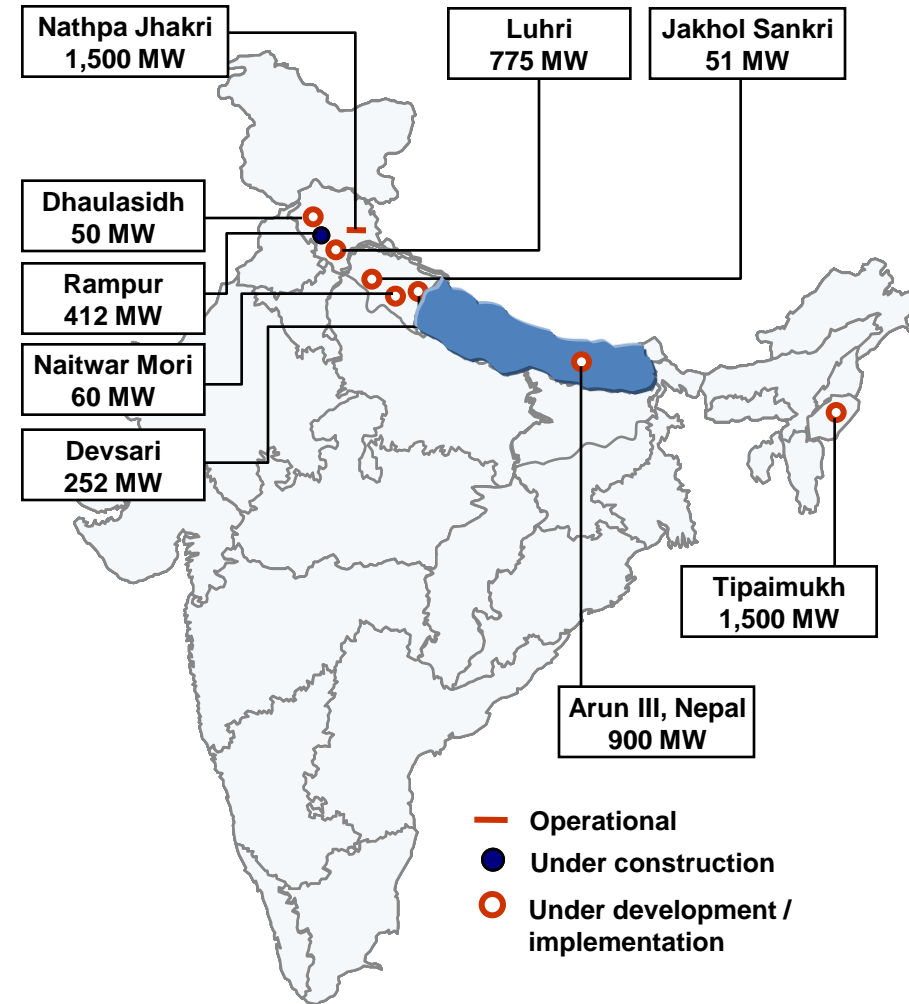
# **SJVN LIMITED**

## INVESTOR MEET PRESENTATION

8 - 9<sup>TH</sup> SEPTEMBER 2011

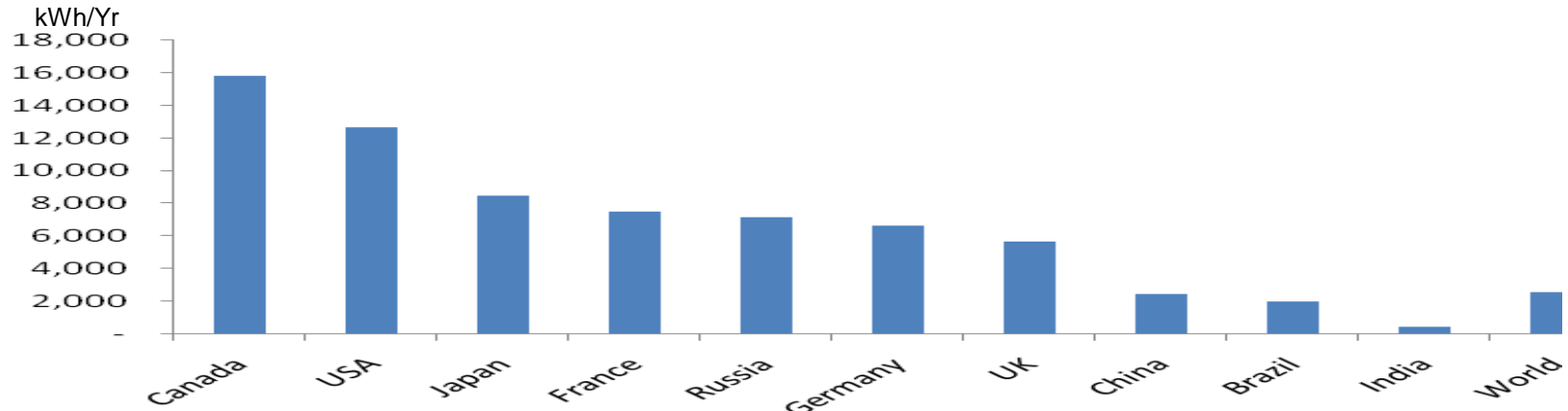
# SJVN – A SNAPSHOT

- Originally established as a JV between GoI and the GoHP to develop and operate the Nathpa Jhakri Hydro Power Station (NJHPS) situated on the River Sutlej in the state of Himachal Pradesh
- NJHPS is currently the largest operational hydroelectric power generation facility in India based on installed capacity, with an aggregate generation capacity of 1,500 MW
- Currently constructing the Rampur Project (generation capacity of 412 MW)
- At various stages of development / implementation of two projects in Himachal Pradesh, three projects in Uttarakhand and a project each in Manipur and Nepal aggregating 3,588 MW of generation capacity
- Schedule A PSU; designated as Mini-Ratna Category-I PSU in May, 2008
- Stable revenue stream through long-term PPAs
- Reputed for good corporate governance practices and environmental and social responsibility

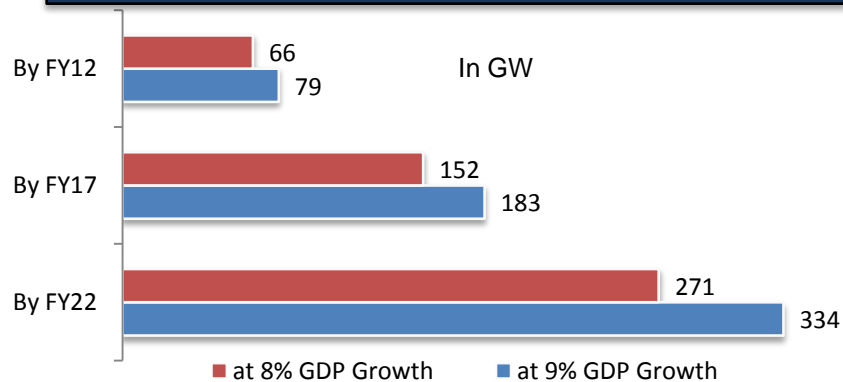


# INDIAN POWER SECTOR

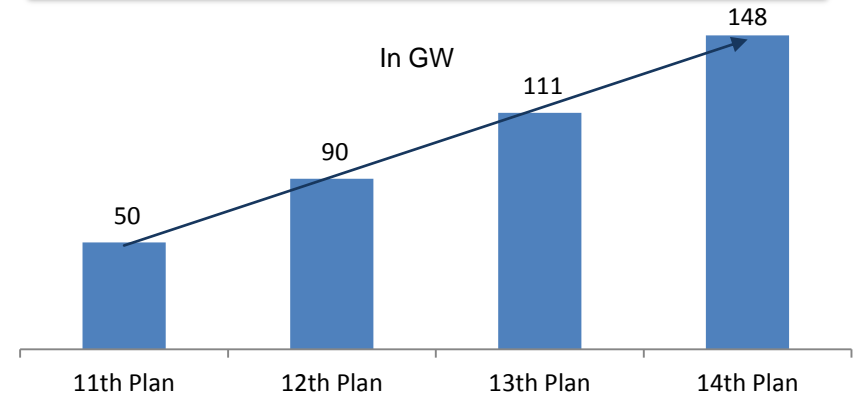
## Low Per capita consumption level...



## ...will drive significant additional capacity...



## ...with increasing share from hydro sector.



Source: CEA, Hydro Power Policy, MoP, 2008, CIA World Factbook 2009, Planning Commission

# POLICY THRUST

## Revised CERC Regulations

- The new tariff regulations issued by CERC comprises a number of elements including the concept of annual fixed charges, incentives and unscheduled interchange charges
- Guaranteed rate of return on equity of 15.5% with additional incentives for higher efficiencies

## Provision for Mega Power Projects

- Threshold limit to obtain mega power project status is 500 MW for all states except Jammu & Kashmir, Sikkim and the North Eastern States, where it is 350 MW
- Ten year income tax holiday
- Duty-free import of capital equipment

## Import Policy for Enhancing Hydropower Utilization

- Utilize the hydro power potential of Bhutan, Nepal and Myanmar of about 140,000 MW
- Provide financial and technological assistance to these countries

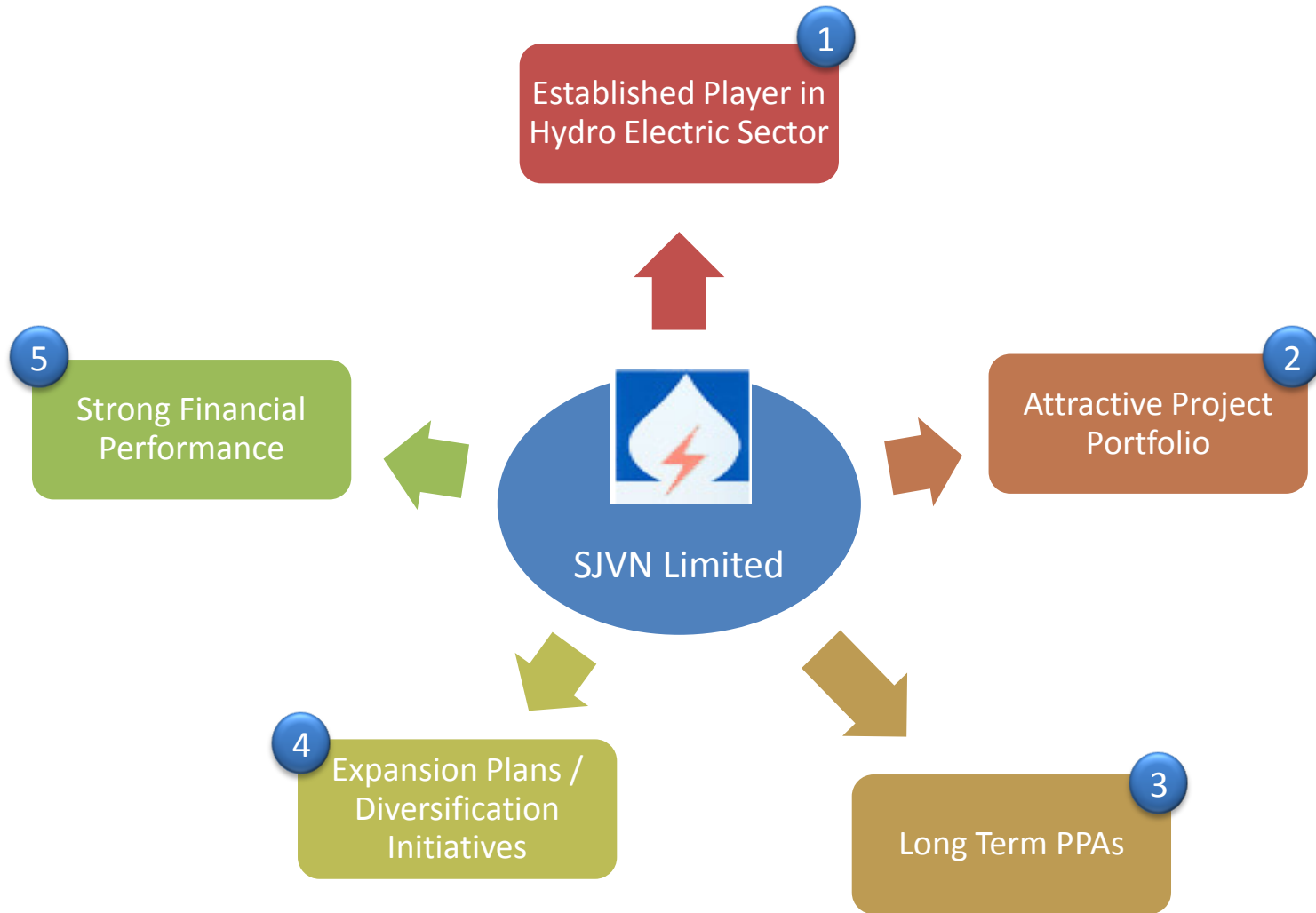
## Revised EIA rules

- The MoEF issued a revised EIA notification dated September 14, 2006 to speed up the process of getting environmental clearance in respect of hydroelectric project

## Salient features of the Hydro Power Policy 2008

- Exemption of tariff based bidding up to January 2011
- Special incentive for merchant sales of up to 40% of the saleable energy for projects meeting the timelines
- Facilitating financial viability for hydro power projects

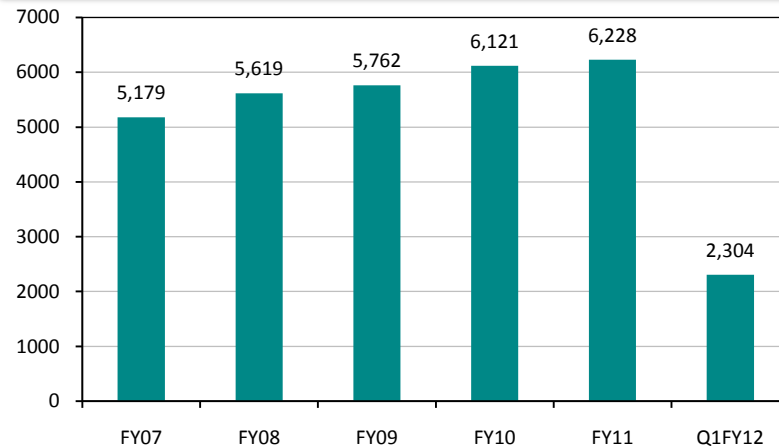
# INVESTMENT HIGHLIGHTS



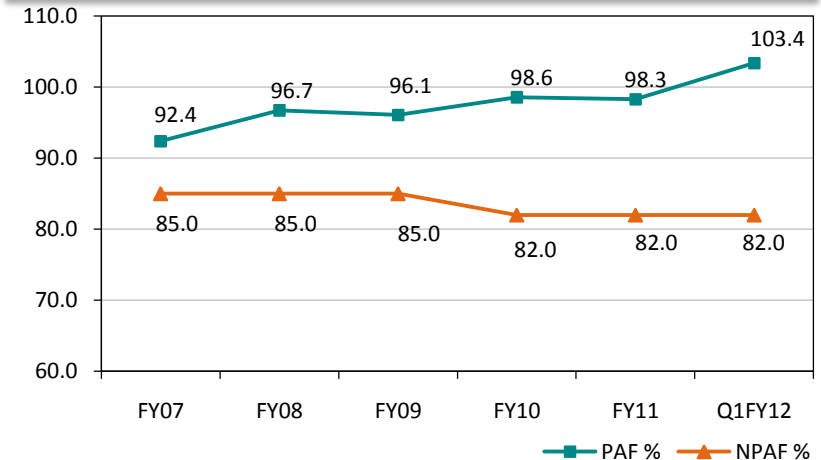
# ESTABLISHED PLAYER IN HYDRO ELECTRIC SECTOR

## NJHPS [1500 (6X250) MW] – Strong Operating History

### Saleable Energy (MU)



### PAF Vs. NAPAF (in %)



- NJHPS has an annual design energy generation capacity of 6,612 MU in a 90% dependable year
- For FY 2011 the gross energy generation was 7,140.21 MU as against the Design Energy of 6612 MU.
- NJHPS has consistently achieved a higher monthly PAF than the NAPAF set by CERC, thus qualifying for the performance-based incentives under the tariff regime; under the new tariff regime, the NAPAF has been set at 82% by the CERC
- The estimated approved cost of NJHPS is Rs 81,877 mn as against an actual approved cost of Rs 79,908 mn by CERC for tariff purposes. The Revised Cost Estimates of NJHPS is now Rs 85,934 mn and tariff petition for revision of AFC for the years 2004-09 is under consideration of CERC

# PROJECTS PORTFOLIO (1 / 3)

## Operational Project - NJHPS

- A 1,500 MW (6 x 250 MW) run-of-the-river hydroelectric power station located on the Sutlej river in the geo-technically sensitive Himalayan region
- Has been fully operational since May 2004 and has an annual design energy generation capacity of 6,612 MU in a 90% dependable year

## Project under Construction - Rampur Project

- The 412 MW Rampur Project is located downstream of the NJHPS on the Sutlej River, and is a tailrace arrangement which is expected to use the de-silted water discharged from the NJHPS
- The Project is currently expected to be commissioned by September 2013
- When completed, the power station is expected to have a designed annual energy generation capacity of 1,770 MU in a 90% dependable year based on a 95% plant availability factor
- In January, 2007, CCEA approved an estimated project cost of Rs20,470 mn for the Project
- As of 31<sup>st</sup> March, 2011, a cost of Rs12,980 mn has been incurred on the construction of the Project
- The total project cost for the Project is to be funded through debt and equity in the ratio of 70:30. The Company has obtained a funding of US\$400 Mn from World Bank for this Project.

# PROJECTS PORTFOLIO (2/3)

| Projects under development / implementation | State / Country | Estimated Installed Capacity | Status   | Cost Incurred (31-03-11) |
|---|-----------------|------------------------------|--|--------------------------|
| Luhri HEP                                   | HP              | 775 MW                       | <ul style="list-style-type: none"> <li>• TEC awaited from CEA.</li> <li>• Public Hearing is in progress.</li> <li>• Diversion of forest land under consideration of MoEF.</li> </ul>   | Rs760.9 mn               |
| Dhulasidh HEP                               | HP              | 66 MW                        | <ul style="list-style-type: none"> <li>• Survey and Investigation completed.</li> <li>• TEC accorded by GoHP</li> <li>• Public Hearing is in progress.</li> </ul>  | Rs123.1 mn               |
| Devsari HEP                                 | Uttarakhand     | 252 MW                       | <ul style="list-style-type: none"> <li>• All chapters of DPR cleared by CEA, CWC &amp; GSI except costing chapter.</li> <li>• GoUK formed committee for finalizing compensation with Dewal SHEP owners for its takeover by SJVN.</li> <li>• TEC will be issued once the above compensation finalized.</li> </ul> | Rs365.6 mn               |



# PROJECTS PORTFOLIO (3/3)

| Projects under development / implementation | State / Country | Estimated Installed Capacity | Status   | Cost Incurred (31-03-11) |
|---|-----------------|------------------------------|--|--------------------------|
| Naitwar Mori HEP                            | Uttarakhand     | 60 MW                        | <ul style="list-style-type: none"> <li>Concurrence from GoUK received in March 2010.</li> <li>Final Environmental clearance and forest clearance are under active consideration of MoEF.</li> </ul>  | } <b>Rs240.2mn</b>       |
| Jakhol Sankri HEP                           | Uttarakhand     | 51 MW                        | <ul style="list-style-type: none"> <li>Revised DPR under submission.</li> </ul>  |                          |
| Arun-III HEP                                | Nepal           | 900 MW                       | <ul style="list-style-type: none"> <li>DPR submitted to the CEA in March 2011</li> <li>TEC from CEA awaited.</li> <li>Draft implementation agreement under consideration of Govt. of Nepal</li> <li>Award of Civil Works expected in June 2012 with 5 years of construction</li> </ul> | <b>Rs462.4mn</b>         |
| Tipaimukh HEP                               | Manipur         | 1,500 MW                     | <ul style="list-style-type: none"> <li>MoU between NHPC (69%), Govt. of Manipur (5%), SJVN (26%) was signed on 28<sup>th</sup> April 2010.</li> <li>Shareholders' Agreement under execution.</li> </ul>  | <b>NIL</b>               |

# LONG TERM PPAs

- As per the previous tariff structure prescribed by the CERC, which was in effect from April 1, 2004 to March 31, 2009, the guaranteed RoE to the power producers was 14%
- Under the new tariff regime currently in effect from April 1, 2009 to March 31, 2014, the guaranteed RoE is 15.5%.

## List of PPAs entered into -

| Party   | State       | Commencement Year | Duration (years) | Allocation (%) <sup>2</sup> | MWs |
|---|-------------|-------------------|------------------|-----------------------------|-----|
| Punjab State Electricity Board                | Punjab      | Oct-02            | 35               | 10.13                       | 114 |
| Haryana Vidyut Prasaran Nigam Limited         | Haryana     | Jan-03            | 35               | 4.27                        | 64  |
| Chandigarh Administration, Engineering Dept.  | Chandigarh  | Dec-02            | 35               | 0.53                        | 808 |
| Government of Himachal Pradesh                | HP          | Oct-05            | 35               | 36.47                       | 547 |
| Himachal Pradesh State Electricity Board      | HP          | Mar-03            | 40               |                             |     |
| Delhi Transco Limited                         | Delhi       | Mar-03            | 35               | 9.47                        | 142 |
| Power Development Department of J&K           | J&K         | May 09            | 5                | 7.00                        | 105 |
| Rajasthan Rajya Vidyut Prasaran Nigam Limited | Rajasthan   | Feb-03            | 35               | 7.47                        | 112 |
| Uttar Pradesh Power Corporation               | UP          | May 09            | 30               | 14.73                       | 221 |
| Uttarakhand Power Corporation Limited         | Uttarakhand | Dec-05            | 35               | -                           | 38  |
| Unallocated                                   |             |                   |                  | 9.93                        | 149 |

# EXPANSION PLANS / DIVERSIFICATION INITIATIVES

## Power Transmission

- Has entered into a MoA with IL&FS, PGCIL and PTC for the establishment of a JV to construct and maintain the Indian part of a transmission line connecting Nepal and India. SJVN has agreed to take a 26% equity interest in the JV with IL&FS, PGCIL and PTC taking equity interests of 37%, 26% and 11% respectively

## Project Advisory and Consultancy Services

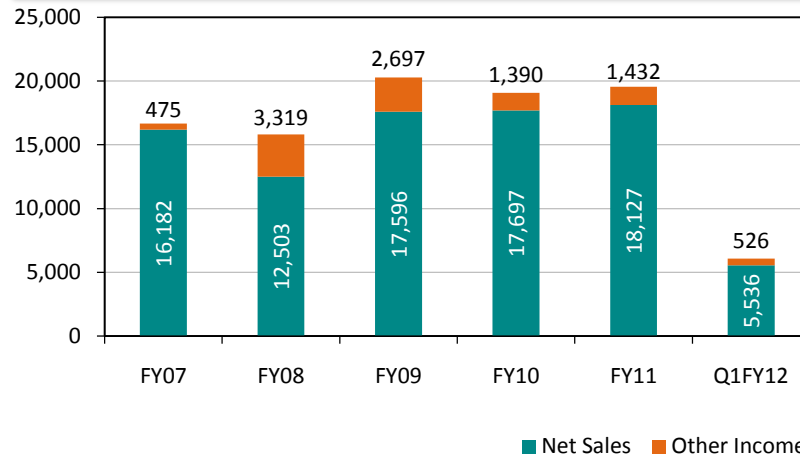
- Has established a dedicated consultancy division for the purposes of providing advisory and consultancy services. In 2009, the Company was appointed by the GoI to prepare DPRs for two hydroelectric power projects proposed to be located in Bhutan namely-
  - Kholongchhu HEP (486 MW)
  - Wangchhu HEP (600 MW)

## Alternative Energy

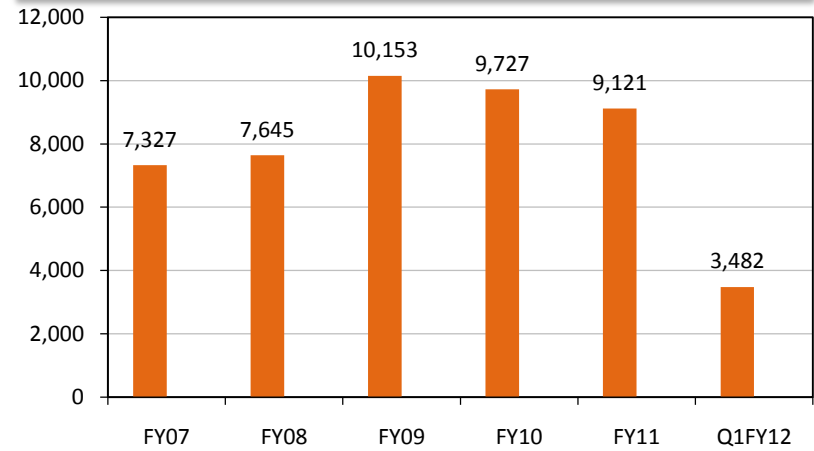
- SJVN also intends to diversify into various alternative energy projects, such as wind power and solar energy projects. The Company is currently in the process of evaluating the feasibility of such alternative energy projects

# STRONG FINANCIAL PERFORMANCE (1 / 2)

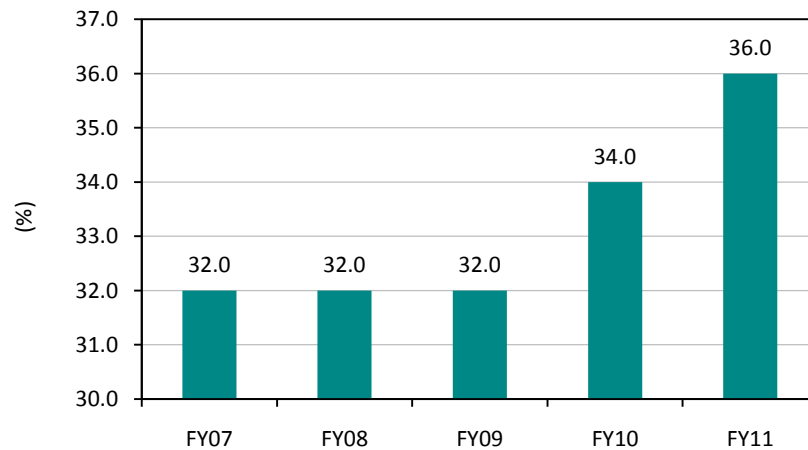
## Total Revenues (Rs mn)



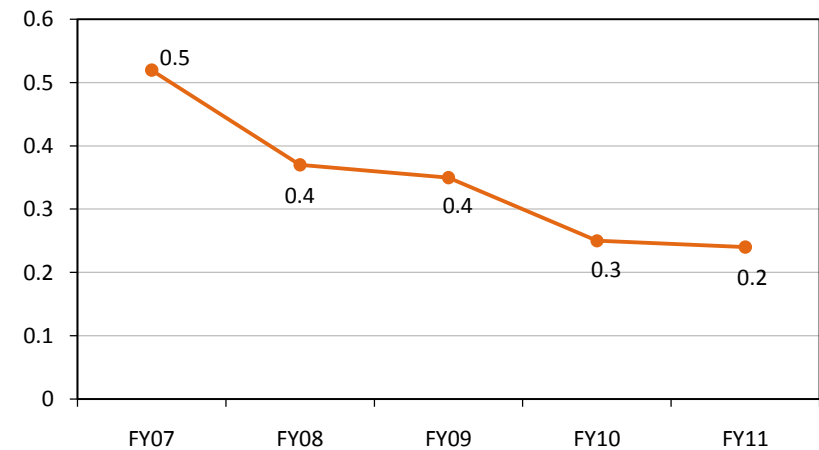
## Profit after Tax (Rs mn)



## Dividend Payout Ratio (%)

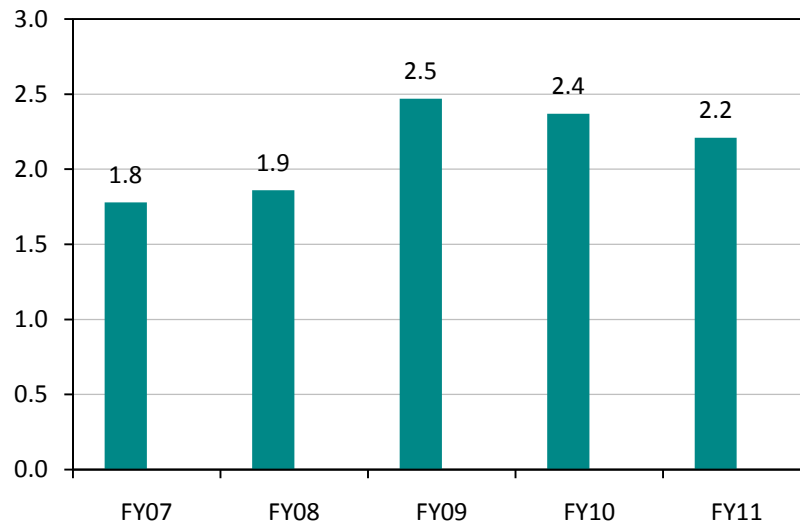


## Debt to Equity Ratio (x)

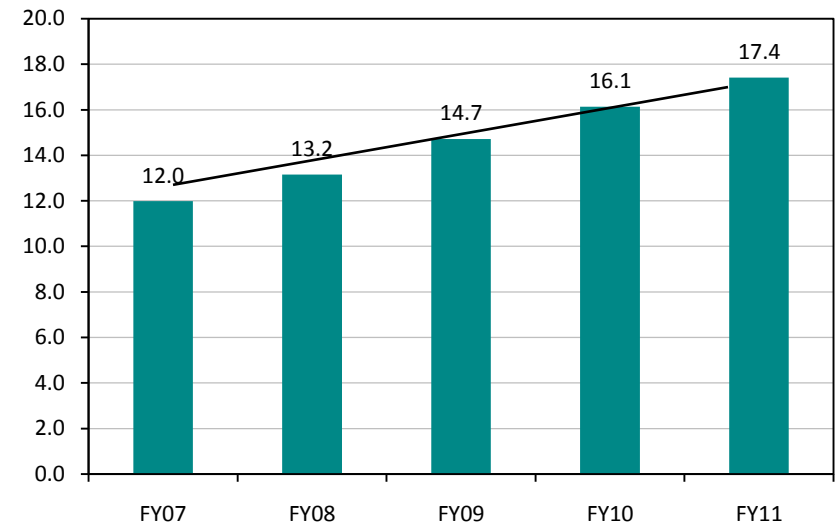


# STRONG FINANCIAL PERFORMANCE (2/2)

Earnings per share (Rs)



Book Value per share (Rs)



Source: Company Reports

THANK YOU