



“SJVN Limited Q2 and H1 Financial Year 2015  
Earnings Results Conference Call”

November 10, 2014



**MANAGEMENT: MR. R. P. SINGH – CHAIRMAN & MANAGING DIRECTOR –  
SJVN LIMITED.**

**MR. A. S. BINDRA - DIRECTOR FINANCE - SJVN LIMITED**

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**Moderator:** Ladies and gentlemen, good day and welcome to the SJVN Limited Q2 and H1 FY 2015 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 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 would now hand the conference over to Mr. Deepak Agrawala from Elara Securities. Thank you and over to you Sir!

**Deepak Agrawala:** Thanks Karuna. Good afternoon everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY 2015 conference call of SJVN Limited. I take this opportunity to welcome the management of SJVN, represented by Mr. R. P. Singh, the Chairman and Managing Director, Mr. A. S. Bindra, Director Finance and Mr. Sharma, Director (Personal). We will begin the call with the brief overview by the management followed by Q&A session. I will now handover the call to Mr. Singh for his opening remarks. Over to you Sir!

**R. P. Singh:** Now for the highlights of the results for the quarter and half year ended September 30, 2014. During the period five units out of total six units of 412 megawatt Rampur Hydro Power station has started commercial generation.

During the financial year 2013-2014, 53 numbers of wind energy generators out of 56 numbers totaling 45.05 megawatt has been commissioned and remaining three wind units has been commissioned subsequently during the year 2014-2015.

As per new regulation, Normative Annual Plant Availability Factor (NAPAF) in respect of Nathpa Jhakri Hydro Power Station has been increased from 82% to 90%. The plant availability factor was 107.38% and 107.826% for the quarter and the half year ended September 30 respectively. Corresponding quarter and half year ended of the previous year 107.56% and 107.88% respectively.

Revenue from operation during the quarter and half year ended is 1209.75 Crores and 1884.46 Crores against the 34.10 Crores and 1174.10 Crore for the corresponding quarter and half year ended of previous year. Sales for the quarter and half year ended includes an amount of 435.42 Crores and 571.25 Crores respectively on account of AVF for the period from 1.4.2009 to 31.3.2014 in respect of NJSVS consequent from approval obtaining by CERC order dated June 20, 2014.

Gross generation of Nathpa Jhakri Hydro Power Station during the quarter and half year were 3139 million unit and 5300 million units respectively achieved as against 3164.65 million units and 5494.41 units during the corresponding quarter and half year respectively of previous year. Generation from Rampur Hydro Power Station and Wind Power Station during the quarter was



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612.47 million units and 25.8 million and half year 848.69 million units and 33.52 million units respectively.

Other income has increased by 7.55 Crores for the period to 126.57 Crores previous corresponding period Rs.119.02 Crores mainly on account of the receipt of interest on capital refund. Depreciation during the quarter has increased by 47.12 Crores from 111.88 Crores to 159 Crores for the quarter mainly due to the charging of depreciation amounting to 30.85 Crores and 4.28 Crores in respect of RHEF and wind power project respectively. Employee benefit expenses have also seen an increase of 23.94 Crores during the quarter. The reason for increase is mainly due to the commissioning of Rampur Hydro Power Station and higher allocation of corporate office expenses to the **(unclear-5.05)** project.

PAT during the quarter has increased by 381.15 Crores to 796.78 Crores from 415.60 Crores for the corresponding quarter of previous year. PAT has increased by 452.20 Crores from 758.87 Crores to 1221.07 Crores for the half year. It may be noted that it is the highest PAT ever during the half year as well as the annual PAT. The EPF par value of Rs.10 each as on September 30 is 2.95 against the previous period of 1.8 Crores. I believe this is the overview of the quarter as well as half year ended September 30, 2014. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Thank you.

**Deepak Agrawala:** Meanwhile as the queue assembles I have few questions. First can you help us understand the substantial increase in the receivables that we have seen versus the March quarter?

**R. P. Singh:** There is a substantial increase in the receivables. The main reason because of the arrear we have received from the government as per CERC guidelines. That is the main reason 571.25 Crores is the arrear. That is one reason and 474 Crores is yet to be billed to the individuals. That also we have shown as receivables and number two Rampur Hydro Electric Project we have shown as income but their bill has to be raised as that our CERC regulation has to be signed as to what is the tariff is coming that also has to be shown so that is also coming as receivable. Mainly these two are the reasons for the increase in the receivables.

**Deepak Agrawala:** So what is the amount linked to Rampur?

**R. P. Singh:** Rampur project amounts is approximate 20 Crores only and energy bill actual total amount due is not engaged, if you say total amount due is only 280 Crores. You are reading 1836. Only 280 Crores that is more than two months but all others are within two months.

**Deepak Agrawala:** That you mentioned 571 and 474 is the arrears.



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**R. P. Singh:** 474 is the arrear. 470 is yet to be billed and 640 is the balance that is not due that is a reason that is a whole detail of this amount.

**Deepak Agrawala:** My next question is can you help us understand what is the progress like we keep hearing in the media on the progress that the company had be doing on projects in Bhutan and Nepal so can you elaborate a bit more on how the quarter has been and what can we look for?

**R. P. Singh:** Regarding Bhutan Kholongchu 600 MW Kholongchu hydroelectric project in Bhutan as you know it has already been the foundation have laid by our Honorable Prime Minister way back in September and Infrastructure equity has already started and we have also signed the shareholding agreement with the Druk Green Power Corporation of Royal Government of Bhutan and SJVN. So far your Nepal project is concerned the discussion for PDA (Project Development Agreement) is now reached to a conclusive stage and we are hopeful of getting it signed during this month, in case the PDA has been successfully signed every activity at 900 MW Arun III project in Nepal shall also start. That is the status of these two projects.

**Deepak Agrawala:** So in terms of capex can you outline what is the capex that we have planned for FY 2015-16 and where we stand in first half?

**R. P. Singh:** As far as capex is concerned, capex has been set for the plan 2014-2015 it is 1175 Crores and for the 2015-2016 approximately it will be 1200 Crores but that depends upon the PDA and whatever it takes time. So out of 1175 we have already up to September 30, it is 321 Crores has already been incurred.

**Deepak Agrawala:** How does this split across these different projects?

**R. P. Singh:** Mainly it will now depend upon the Buxar Thermal Project maximum it is a 436 Crore is on the Buxar and Rampur Hydro Project 295 Crores. That is the main two on this project it has to be incurred. Other projects are also contributing it and next year it will be in the Bhutan and the Nepal project.

**Deepak Agrawala:** Sir one next question is on, how do we see the progress that is happening on the tariff petition because it has been pending for quite sometime and how do you think by when we can hear the final stage from the regulators? How has the progress been on that?

**R. P. Singh:** You are talking about the tariff petition of Nathpa Jhakri?

**Deepak Agrawala:** Rampur especially on the capital cost increase which we are awaiting for quite sometime?

**R. P. Singh:** As I have already told you it is a tariff we are getting at 247 Crores, what was the approved cost based on one way and we have already filed the tariff petition for the CERC on approximate



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3800 Crores. Let us hope first reading has already been taken up on which one or two discoms have said that they have not received our tariff petition where have they have received so let us hope next month it will be finalized and we will get some interim order in the next month we are hoping.

**Deepak Agrawala:** Is there any discussion that is happening on the ROE because you were disputing on whether you want 15% ROE or 16.5% ROE?

**A. S. Bindra:** There is no dispute regarding ROE for Hydro project.

**Deepak Agrawala:** Nathpa we know that we will be getting 16.5% but Rampur.

**A. S. Bindra:** It is applicable for all the hydro projects in the country.

**R. P. Singh:** Actually, Rampur the tender of the Nathpa Jhakri. So whatever will be the Nathpa Jhakri the same will be applicable for the Rampur also. So it will be 16.5% there is no dispute about that.

**Deepak Agrawala:** Thank you.

**Moderator:** We have our first question from the line of Sushil Bhojwani from Elara Capital. Please go ahead.

**Sushil Bhojwani:** Sir I just wanted to ask you about what is the view on the potential merger of all Hydro companies at present?

**R. P. Singh:** Our view is that we have given our views to the Government of India, Ministry of Power and I think two months earlier and there is nothing we have heard and our view was that it should not be SJVN should not be merged. That is what.

**Sushil Bhojwani:** Okay so essentially we are saying that it is not a good idea to kind of have M&A in the industry as such?

**R. P. Singh:** Performance everything so we have given or view point.

**Sushil Bhojwani:** Alright Sir. Thank you.

**Moderator:** Thank you. We have next question from the line of Avinash Agarwal from Sundaram Mutual Fund. Please go ahead.

**Avinash Agarwal:** Sir I just wanted to understand the growth plans on the wind project side Sir? Are we adding any capacity there?



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- R. P. Singh:** At present we are doing the activity but it has not come to the ground level still. We are working on it.
- Avinash Agarwal:** Okay and anything on the solar side Sir?
- A. S. Bindra:** Yes, the same thing is for solar also. Of course we are doing 10 megawatt solar plant at Charanka and in solar front also in total the (inaudible-15.30), we are thinking something bigger scale it will take time to come to the ground.
- Avinash Agarwal:** Sir, sorry I missed the number what was the plant availability factor for quarter in Nathpa Jhakri?
- A. S. Bindra:** Factor for this quarter has been 107.38% and plant availability factor half-yearly ending September 30, 2014 107.826%.
- Avinash Agarwal:** What was it last year Sir?
- A. S. Bindra:** Last year it was 107.56% and 107.88% respectively.
- Avinash Agarwal:** Sir this coming into this merger issue, just wanted to understand Sir, what is the Himachal Pradesh government view on this Sir?
- A. S. Bindra:** Regarding Himachal Pradesh view you can talk to the Himachal Pradesh, whatever we want to say as far as SJVN is concerned.
- Avinash Agarwal:** Thank you.
- Moderator:** Thank you. We have next question from the line of Priyanka Chopra from Alpha Capital. Please go ahead.
- Priyanka Chopra:** During Q2 and H1 you had some incentive income sitting in your balance sheet can you tell me what is the difference between incentive income and (unclear-17.02) income for Q1 and H1?
- A. S. Bindra:** It is for quarter ending, it is 3 Crore and for the half yearly it is 3.84 Crores. Last year there were no (inaudible-17.17) charges.
- Priyanka Chopra:** Thank you.
- Moderator:** Thank you. Anyone who wishes to ask a question may press "\*" and "1" at this time.
- Deepak Agrawala:** Sir just on this incentives can you also mention how much is the incentive income that we earned for plant availability and secondary energy if anything?



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- A. S. Bindra:** Secondary energy will come once we reach at the level of 6612. There will be no secondary energy incentive at this moment. That will come only in the last quarter only. As far as plant availability factor is concerned, there is a capacity already it is amount is there is no separate figure, but capacity incentive you can say over 90% is a cost, 90% is normal it is 107%. Per percentage approximate 8 Crores per annum. For the quarter ending you can already calculate it would be around approximately 8 Crores.
- Deepak Agrawala:** 8 Crores is per annum so, per quarter you earn about 2 Crores.
- A. S. Bindra:** It is more than that.
- Deepak Agrawala:** 2 Crores x 17% is what is the income that we have received?
- A. S. Bindra:** Approximate 34 Crores.
- Deepak Agrawala:** Any guidance that you would like to give on the availability for Rampur project?
- A. S. Bindra:** Rampur project plant availability factor, it is at 98.230% for the quarter ending and for the half year ending it is a 97.43%.
- Deepak Agrawala:** Thank you.
- Moderator:** Thank you. We have next question from the line of Ashwini Desai from Bajaj Alliance. Please go ahead.
- Ashwini Desai:** Good evening Sir. Sorry I joined the call a bit late can you please throw some light on your upcoming projects Buxar Thermal Project and Hydro Kholongchu?
- A. S. Bindra:** Just now CMD has already intimated the Buxar project is on the way just we have to take up the land is going to be given by the Government of Bihar to us, so the land acquisition activity is going on and we will take up the land and thereafter other things will be taken out in the Buxar project. As far as the Bhutan project is concerned, we have already signed the FSA agreement on September 30 with the Bhutan Government. Now that project is underway. The Kholongchu project is also in the same way. It will be signed within this financial year. As far as Nepal project is concerned 900 MW PDA under discussion is going on for the PDA and it may be signed any day in this month itself. PDA will be signed and this would be also on the line.
- Ashwini Desai:** Okay so Buxar if fully commissioned which year it will likely to be? Now you said the land acquisition is in progress, has the first year fully commissioned?



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- R. P. Singh:** Approximately we have mentioned that it will be 1.5 year for the initial activities and there will be another 3.5 years or approximately four years for the commission. So you can say approximately 5.5 years this project will be commissioned.
- Ashwini Desai:** Sir none of your projects which are under commissioned Buxar, Kholongchu project will come before FY'19 can we say that safely?
- R. P. Singh:** Land acquisition this for the Buxar Thermal Project is done as we are hopeful so that these project which has been commissioned during the FY 2019-2020.
- Ashwini Desai:** Sir and my second question is an idea was being noted of putting all hydro under one roof, all the hydro companies by the government so what is the progress on those lines?
- A. S. Bindra:** Just now our CMD has already intimated, SJVN has already written to the Government of India and they have also intimated and that taking into consideration the financial aspect and another issues SJVN has not agreed and nothing has been come from the Government of India after that.
- Ashwini Desai:** That is all from my side. Thank you.
- Moderator:** Thank you. We have next question from the line of Priyanka Chopra from Alpha Capital. Please go ahead.
- Priyanka Chopra:** Thanks for taking my question again. The next question I have is that what the management plans are for FY'16-17 for capex in terms of renewable energy. I am talking about solar, wind?
- R. P. Singh:** We are planning that every year approximate 100 MW wind power will be added and approximate 500 MW from solar power. So let us see what will be happened after that but these are the just our planning is going on, let us hope it will come on that time.
- Priyanka Chopra:** Thank you.
- Moderator:** Thank you.
- Deepak Agrawala:** I just have Sir one last question. Are we seeing any progress that is happening on the wind side especially because you know in earlier discussions also we were planning towards on a 50 MW wind every year, so any progress that has happened on that front?
- R. P. Singh:** We are working over it. We are planning the activity but conclusively things will come at a later date. It has not come out today. When conclusion will come we will tell you, whenever anything projects get finalized we will intimate you.
- Deepak Agrawala:** That is it from my side.



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- Moderator:** Before we conclude any closing remarks if you would like to add please?
- Deepak Agrawala:** Mr. Singh, if you have any closing remarks, if you can mention?
- R. P. Singh:** Our company is going very good and you can see whatever the profit we have earned during this PAT is 1221 Crores that is higher than the even last year's net profit of the full year. So that is our remarks and company is going on and we have already diversified our business. During this financial year wind power is also under commission, Rampur project is also going to be six units is going to be commissioned. Hope company is going fine and with the help of the stakeholders we hope that **(inaudible-24.31)**.
- Deepak Agrawala:** We thank Mr. Singh and his team for giving us an opportunity to host this call. We also thank all the participants especially the investors and the analysts for joining for this call.
- Moderator:** Thank you very much Sir. Ladies and gentlemen, on behalf of Elara Securities Private Limited that concludes today's conference. Thank you for joining us. You may now disconnect your lines.