

CIN: L40101HP1988GOI008409



एसजेवीएन लिमिटेड

**SJVN Limited**

(A Joint Venture of GOI & GOHP)  
A Mini Ratna & Schedule "A" Company

SJVN/CHQ/CS/93/2021-

Date: 09/07/2021

**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 31<sup>st</sup> March, 2021 (Q4, 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 Friday, 02<sup>nd</sup> July, 2021 to discuss the Financial Results for the Quarter ended 31<sup>st</sup> March, 2021 (Q4, FY 2020-21).

Kindly take the above information on record and oblige.

Thanking you,

Yours faithfully,

  
(Soumendhra Das)  
Company Secretary

9/7/2021

**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 Limited Q4 FY-21 Earnings Conference Call”

## **July 2, 2021**



## **SJVN LIMITED**

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**MANAGEMENT:** **MR. N. L. SHARMA - CHAIRMAN AND MANAGING  
DIRECTOR, SJVN LIMITED**  
**MR. A. K. SINGH - DIRECTOR FINANCE, SJVN  
LIMITED**

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



**Moderator:** Ladies and gentlemen, good day and welcome to the conference call to discuss Q4 FY21 results and business update for SJVN Limited 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 touch tone 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 morning everyone. On behalf of Elara Securities, we welcome you all for the Q4 FY21 conference call of SJVN. So I take this opportunity to welcome the management of a SJVN represented by Mr. N. L. Sharma - Chairman and Managing Director, Mr. A. K. Singh - 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. N. L. Sharma for his opening remarks. Over to you, sir.

**N. L. Sharma:** Good morning to all. I am here to give the annual financial results of FY21 and Q4 of FY21. Just before that, I have the numbers I would like to share with the people present that as of now SJVN is executing projects of about six project which are under construction, seven projects which are under construction of hydro, thermal and solar energy both in India and abroad.

Apart from India, we are also executing projects in Nepal and Bhutan. The projects which are under construction are Buxar thermal project in Bihar it is 1,320 megawatt capacity, Arun-III project in Nepal 900 megawatt capacity, Naitwar Mori project in Uttarakhand Himachal Pradesh 60 megawatt capacity. Luhri hydroelectric project in Himachal Pradesh, there is 210 megawatt capacity. Dhaulasidh the hydroelectric project in Himachal Pradesh 66 megawatt capacity. 600 megawatt capacity Kholongchu hydroelectric project in Bhutan and 170 megawatt solar project in Gujarat.

So these projects are under construction. The projects under operation upon which our main financial parameters are dependent, we have five generations one is major 1,500 megawatt capacity Nathpa Jhakri hydroelectric project, 412 megawatt project in Rampur hydroelectric project, two wind projects one in Maharashtra that is 47.6 megawatt capacity Khirvere wind project, then 50 megawatt capacity Sadla wind project in Gujarat and another about six megawatt capacity solar project in Charanka Gujarat.

So, these are the projects which are under generation. Apart from it, we are also partner in one of the transmission line, which is exporting power to Nepal, we are JV partner in that. So, for as the FY21 results are concerned I would like to share that the financial indicators, parameters, or the numbers are very positive. Total income has increased expenses have decreased. Profit before tax profit after tax have increased then earnings per share has registered an increase. Net worth has also increased and book value has also increased.



There was some concern regarding the generation last year because of massive discharge in the Sutlej River upon which two projects major projects are located. Though the generation as compared to the last year FY21 is on the lower side. But when we compare it with the design energy for which the projects are designed, we are still above the design energy.

Last year FY21 total generation was 9,224 million units as compared to 9,678 million units in FY 20. However, it is above 8,700 megawatt design energy of all the projects but because of some other positive things realization of the late payments are charged from most of the beneficiaries and some other points. Our total income has increased by about Rs. 118 crores it has increased from Rs. 3,095 crores in FY20 to Rs. 3,213 crores in FY21.

So, there was an increase on the other side expenses have come down by Rs. 243 crores that is Rs. 1079 crores in FY21 and against Rs. 1,322 crores in FY20. The major reason for lower expenses is because of the rupee dollar exchange rates and that has impacted the foreign exchange a burden on the balance sheets because of the World Bank loan. Then profit before tax has registered an increase of Rs. 209 crores. It is the Rs. 2,168 crores against Rs. 1,959 crores in FY20.

Similarly, profit after tax has registered Rs. 76 crores increase Rs. 1,633 crores against Rs. 1,557 crores. Earnings per share has increased to Rs. 4.16 against Rs. 3.96 in the corresponding year. Net worth there is an increase of net worth. In FY 20 it was Rs. 11,759 crores whereas at the end of the FY21 it is Rs. 12,761 crores. Plant availability factor of both the plants hydro plants Rampur and Nathpa Jhakri it is almost the same this 105% last year as well as this year.

Similarly, Q4 results despite low generation the number financial figures have improved in all terms whether it is the total income, profit before tax, profit after tax, earnings per share all these indicators, there is an increase. On the incentive side total incentives have decreased total incentives in the FY20 were Rs. 313 crores..

The total incentives come Rs. 272 crores there is a decrease of Rs. 41 crore. The major reason for this decrease in total incentives is because of decrease in the energy, the secondary energy. If I take the point of second energy, the incentives of secondary energy in FY21 were Rs. 103 crores whereas in FY20 it is only Rs. 52 crores. The UI that has increased from Rs. 16 crores to Rs. 28 crores.

Regarding the debtors, the recovery there has been a good recovery from the beneficiaries. As on 31st March 2021 the outstanding debt were Rs. 522 crores against Rs. 745 crores in the last year. If I speak of current dues, current dues also have substantially decreased. We have almost recovered dues from all the states except J&K still the due position in J&K is quite high more than Rs. 400 crores whereas in case of other states we were successful in getting the dues before 31st March. There is one major achievement that late payments surcharge, last year the late payment surcharge we could recover Rs. 584 late payment surcharge LPS. So now the debtor position I can say that, except J&K it is quite good.



This is all about the initial remarks from SJVN side. I would like to have questions from the other end.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Vipul Shah from the Sumangal investments. Please go ahead.

**Vipul Shah:** I just wanted to know what is the thermal capacity we are executing, and it is at what stage of implementation?

**N. L. Sharma:** It is about thermal capacity?

**Vipul Shah:** Yes.

**N. L. Sharma:** Yes, it is 1,322 megawatt project in Bihar and about Rs. 10,000 crores project. The commissioning schedule is January 2024. The work is in full swing. We have given the EPC contract to L&T. And despite all odds during the COVID period, we are able to speed up the work. However, there were and there are still many constraints, but we are trying our best to commission the project on schedule.

**Vipul Shah:** So it is a Rs. 10,000 crores project you said so is it a joint venture or we are executing means with 100% equity?

**N. L. Sharma:** It is 100% SJVN, we have formed a subsidiary wholly owned subsidiary of SJVN that is SJVN Thermal Power Private Limited Company, STPL which is executing the project. It is a 100% owned by SJVN.

**Vipul Shah:** So it is 1,300 megawatt usage, right?

**N. L. Sharma:** 1,320 megawatts, there are two machines two units of 660 megawatt each supercritical technology.

**Vipul Shah:** So it will be more than Rs. 7.5 crores per megawatt, does not it look a little on higher side sir?

**N. L. Sharma:** What the tariff, the generation it is very good. The tariff comes to around Rs. 4.19 per unit.

**Vipul Shah:** So we have a PPA in place?

**N. L. Sharma:** Yes, we have 85% PPA that the Government of Bihar has already committed and signed PPA with us for procuring 85% power from the project on cost plus basis.

**Vipul Shah:** So till date how much we have spent on this Rs. 10,000 crores project?

**N. L. Sharma:** We have spent around Rs. 2,200 crores or Rs. 2,300 crores.



- Vipul Shah:** So but configuring our balance sheet size this project is of means considering our strength of balance sheet debt, do not you think that will be a little on higher side for a company which is generating roughly Rs. 2,000 crores of profit annually?
- N. L. Sharma:** Can you repeat the question please?
- Vipul Shah:** Means what I want to convey, sir, is that considering the strength of the balance sheet, the size of the project looks much bigger means we will be taking do not you think we will be taking some unnecessary risk when the world is moving away from the thermal coal? So, what is the rationale for taking such a large thermal project?
- N. L. Sharma:** Considering the present size of the company particularly the operational size of the company, which is around 2,000 megawatt but the projects in pipeline we have more than 3,000 megawatt projects, which are under construction and more than 5,000 megawatts which are in pipeline as survey investigation and all these stages. So far as the diversifying into thermal from hydro and solar or wind side, the rationale behind this is that the managerial experience and the resources with us based on our balance sheet there have been enough resources and experience in executing the power projects.
- So, and these projects we have taken it after due diligence in all respects physical and financial due diligence and Government of Bihar has given this project to SJVN considering our performance in the power sector and we are performing well. We have awarded the major contracts and it is under execution, and we are executing it well.
- Moderator:** Thank you. The next question is from the line of Dhruvam from HDFC Fund. Please go ahead.
- Dhruvam:** Sir, can you give the breakup of interest costs between FX and your interest costs?
- N. L. Sharma:** This FY21?
- Dhruvam:** Yes, for FY21. What was the FX benefit and what is the core interest cost there?
- N. L. Sharma:** Interest or CAPEX?
- Dhruvam:** FX, foreign exchange because you have a negative interest for Rs. 3 crores so I believe there is some FX sitting there, FX gains sitting here, foreign exchange gain?
- N. L. Sharma:** Your voice is bouncing little you can speak slower. Are talking about interest or CAPEX?
- Dhruvam:** Interest sir, I wanted to understand the gain in foreign exchange in that?
- N. L. Sharma:** This finance cost last year it was Rs. 260 odd crores,.
- Dhruvam:** Current year it is minus Rs. 3 crores?



- N. L. Sharma:** Yes, minus Rs. 3 crores.
- Dhruvam:** I believe there should be some FX, foreign exchange gain here.
- N. L. Sharma:** The rupee dollar rates the exchange rate was Rs. 76.20 on 31st of March 2020 whereas, on 31st of March 2021, the dollar rate is Rs. 73.91 and there is total effect of Rs. 2.85 crores.
- Dhruvam:** Sir, what I wanted to understand is see if you have a negative amount in interest cost it is because of the FX gains, right? FX gain and foreign exchange gain that is why you have this negative amount. So, correspondingly there is an offsetting entry always in the regulatory account, movement in regulatory account there is an offsetting entry there, right?
- So, if there is an FX gain here, there should have been a loss amount in the regulatory account to offset the benefit, but sir, your regulatory account is also positive amount of Rs. 328 crores. So, wanted to understand what is the gap? Why is the difference here? My point is, is there some benefit other benefit which is flowing in the PAT item? The FX benefit you offset in the regulatory account right if I am not wrong?
- N. L. Sharma:** Yes, our Director Finance will reply.
- A. K. Singh:** It is true that you are observing that there is increase in regulatory income. This decrease in the finance cost is only offsetting because its impact is not passed on. It is pass through item so it will not affect the balance sheet but there is an increase in regulatory income due to the accounting of the arbitration award. We have got the arbitration award against one of the claim of the contractor in case of Nathpa Jhakri project and that amount has been included in the regulatory item.
- Dhruvam:** And sir, is this benefiting the fact I mean is it flowing, or this is also a pass through?
- A. K. Singh:** Yes, it will be in fact it has not been paid. We have challenged the award in the court of law, but once it is paid it will be claimed through tariff.
- Dhruvam:** So sir, that would have been a loss in regulatory income we have a gain Rs. 328 crores?
- N. L. Sharma:** No, that has been added that amount has been added in the arbitration award amount.
- Dhruvam:** Arbitration award has been added and taken to the balance sheet as a payable item?
- N. L. Sharma:** Yes. We have considered the exceptional item in the balance sheet also. It is coming in the exceptional item.
- Dhruvam:** There is an exceptional item Rs. 293 crores which is offsetting, got it.
- N. L. Sharma:** Yes that is offsetting.



- Dhruvam:** Okay, that was one. And sir, is there any other one off which is there in the numbers this year? Say for example, last year we had this interest from beneficiaries or payment last prior period items is there anything this year which is there in FY21 full year number?
- N. L. Sharma:** In regulatory income you want to say?
- Dhruvam:** No sir, overall is there any? One is late payment surcharge of Rs. 554 crores which I understand which was last year Rs. 107 crores. Is there any other one off?
- N. L. Sharma:** Please repeat your question once again?
- Dhruvam:** I am asking sir, is there any other one off in the numbers say probably prior year sales or interest from beneficiaries or any other thing like that, which is benefiting our numbers this year?
- N. L. Sharma:** Yes, there is some amount which has been accounted for like security expenses, which is recoverable, and the pay revision impact of the pay revision is also yet to be recovered. That amount is also.
- Dhruvam:** Okay but besides that, there is no other one off?
- N. L. Sharma:** There is no other. And performance incentive pay to the employees is also to be claimed through joint petition and that amount is also included in that.
- Moderator:** Thank you. The next question is from the line of Mohit Surana from Neon Liberty Capital Management. Please go ahead.
- Mohit Surana:** Please can you again talk about what was the reason for the lowered generation this year and also touch upon your CAPEX outlook for the next two to three years? And how much will be the effective interest rate in the new rules to fund that CAPEX?
- N. L. Sharma:** Yes, the lower generation as I also mentioned during my initial remarks, that lower generation as compared to FY20 is because of the lesser discharge in the river, Sutlej River is a snow fed river and snow fall during this year has been very, very less. There was mild winter, because of that the discharge in the river was very low. However, this generation is about the design energy it is more than the design energy and that is why 6% we have it been 6% above the design energy.
- Design energy of these projects is 8,700 million units whereas we have generated 9223 million unit's energy. However, it is lesser than the last year FY20 figure of 9,678 million units. So that is the reason for this lesser discharge because of the lesser snow fall and lesser rainfall in the Himalayan regions. This is the reason for lower generation. That CAPEX as I mentioned in my initial remarks, that as of now we have about 7 projects under construction, and more than





15 projects are under different stages of development and survey investigation begun in pipeline.

The CAPEX which we achieved in FY20 was Rs. 1,221 crores against the target of Rs. 1,200 crores, but in the year 2021 we spent a CAPEX of Rs. 2,560 crores which is more than double of the last year. Whereas in for this year 21-22 we have set a target of Rs. 5,000 crores. Then next year 22-23 Rs. 8,000 crores, then 23-24 Rs. 9,500 crores.

So, CAPEX is gradually increasing, and we are sure that we will increase this higher target of CAPEX in the coming years also.

**Mohit Surana:** Okay and how are you going to fund the CAPEX? How much debt and at what interest rate?

**N. L. Sharma:** Most of the project's debt to equity is 70:30. However, in some projects in Himachal Pradesh we have kept it 80:20. And equity portion in the projects like Buxar, Arun-3, Naitwar Mori we have already spent almost 80% to 90% of the equity portion. Now, we are raising we have arranged the debt from these banks then we will start withdrawing funds from the banks utilizing the debt portion. So, this year out of Rs. 5,000 crores, we plan to spend around Rs. 1,500 crores from the equity portion and rest Rs. 3,500 cores from the loan from the bank.

**Mohit Surana:** So, how have you already agreed upon the interest rate or that is still to be decided?

**N. L. Sharma:** Yes, we have already acted upon the interest rate for Naitwar Mori we have started withdrawing the funds. It is 7.6% is from the PNV whereas in case of Arun-3 project there is a consortium of banks, some Indian banks and some Nepali banks led by SBI. The interest rate is around 7.5% and in case of Buxar thermal project 8.95% is the thermal project and there is a subsidiary. So, it is not on our balance sheet, so we have all tied up funds for them.

**Mohit Surana:** What was the reason for the increase in effective tax rates for this year?

**N. L. Sharma:** Can you please repeat the question?

**Mohit Surana:** What was the reason for the increase in effective tax rate for this year? The effective tax rate has gone up this year.

**N. L. Sharma:** We have in fact there is a CAG the decision from the CAG Comptroller and Auditor General of India to take credit of the MAT credit available with us. Earlier we were putting it in the contingent liability and there is some adjustment of the Vivad Se Vishwas, which we have paid during last year and we have accounted for in this year. There is settlement.

**Mohit Surana:** Just one last question. Recently there was a new indicating that the Central Government is again considering divestment of some PSUs including SJVN. Can you provide some background on that and what are the chances of that happening?



**N. L. Sharma:** We are the management we are not the shareholder; shareholder are the Government of India and Government of Himachal Pradesh whatever decision Government of India takes in consultation with the Government of Himachal Pradesh management has to comply to that. No remarks from our side.

**Moderator:** Thank you. The next question is from the line of Rohit from Antique Stock Broking. Please go ahead.

**Rohit:** Sir, if you could just update on the solar additions that we are aiming for especially the 82 megawatt park of Himachal Pradesh plus the recently won auctions? How much is this solar capacity cumulative looking like and what will be the blended equity IRR in this portfolio?

**N. L. Sharma:** SJVN has decided to go aggressively in the solar sector also keeping in view the importance and given by the Government of India with the target of 175 Gigawatts by 2022 and 450 Gigawatts by 2030. So SJVN keeping its eyes on the power business has decided to go aggressively in the solar field. We are competing almost in all the tenders which are being floated by the state governments or the SECI or any other authorities. Right now, we have also bagged two projects on competitive bidding basis one in Gujarat and one in Uttar Pradesh.

And we are also competing in the CPAC scheme floated by Government of India and other state governments like Gujarat, Bihar, Madhya Pradesh, Uttar Pradesh, Rajasthan, Bihar in all these states. In Himachal Pradesh Government of India has decided that there is one Kaza solar park it is about 880 megawatt capacity. So, the preliminary studies are being done. The major problem in this park is of evacuation. It is located in a very far flung remote and snow bound areas of Himachal Pradesh. So, there is no evacuation line so far, but state government of Himachal Pradesh and Government of India are very keen.

So, they have assigned the studies to the World Bank to work on the feasibility of the evacuation line. So, once the evacuation line issue is sorted out and it is finalized the development of solar Park will not be a big issue so before that we have to finalize the evacuation plan for that. So far as the IRR in case of solar project is concerned IRR is around 10%. In some cases it is better than project IRR better than 10% also but IRR considers the interest rate of the banks and the return on equity, because the interest rate has become competitive and the lower interest rates are to bring down the IRR.

So, in other words, the return on equity is higher. Funds at 6%, 7% or 8% of the rate of interest so, our return on equity increases. Return on equity is more than 10%, 12% which is more than even 14%. So, there are other reasons that evacuation line is located at what distance at what rate you get the land all these issues impact the viability of the solar project. So we will go only in those areas where our return on equity or project IRR is on the advantages side to the organization.



- Rohit:** Sir, just to reiterate, you have 2 gigawatt operational and 3 gigawatt under construction, what is this solar number taking you to like? I mean, can you do you have a vision as this will be the targeted solar capacity or some number like that.
- N. L. Sharma:** Yes, solar capacity we have set a target of 5,000 megawatts in the next four years by 2025 we will be having around 5 Gigawatts of capacity of solar also. And by 2030 about 10 Gigawatts capacity of solar.
- Moderator:** Thank you. The next question is from the line of Apurv Bahadur from Investec. Please go ahead.
- Apurv Bahadur:** Sir, you briefly touched upon lower generation, because of poor winters. I wanted to understand the impact that you foresee going ahead this year. I believe that the reservoir levels are quite low this time around. So what type of hit are you expecting on electricity generation?
- N. L. Sharma:** In the current year?
- Apurv Bahadur:** Yes, sir.
- N. L. Sharma:** Yes, current year generation again is also affected by the rainfall and snow fall in the hilly regions, which was again on the lower side because before the monsoon season, the impact on hydro generation was to the extent of 3% to 5% even up to 8% also. In case of wind projects, it is almost taking together both the projects one in Maharashtra and other in Gujarat they are little better than last years.
- Apurv Bahadur:** Okay, so basically this year generations could be between 3% to 8% lower than last year?
- N. L. Sharma:** Maybe it can be. However, it depends on the hydrology post the monsoon season also. If there are warm days thorough melting is there then we can get good discharge in the rivers this can increase the generation. However, in case of hydro generation during the winter, if it is clear winter there is no snow melt in the river during winter.
- The power hydro generation declines during that period. So, hydrology has become unpredictable particularly in the last 3, 4, 5 years. In FY19-20 it was very good. Hydrogenation during that period, was the highest in 19-20. It was 9678 million units overall, but that year was a very outstanding year in terms of hydrology and water availability.
- Moderator:** Thank you. The next question is from the line of Mohit Surana from Neon Liberty Capital Management. Please go ahead.
- Mohit Surana:** This is a quick question. Actually the receivers from Jammu and Kashmir remains high. Do you think there are chances of any impairment there?
- N. L. Sharma:** Receivable from J&K?



- Mohit Surana:** Right. So this do you think there are chances of any impairment in those receivables?
- N. L. Sharma:** The liquidity solution given by the Government of India through PFCREC to the Discoms states though J&K has also opted for that but there are some conditions which Discoms and states have to fulfill. So, they could not take the full advantage of that. The matter is under 100%. They took some advantage but not to the full extent though we could receive around Rs. 250 crores from J&K, but still more than Rs. 400 crores are still lying unpaid. However, they are paying the current dues.
- Mohit Surana:** Okay. Another question is are all your projects I mean, are you facing any delay in your current projects which are under construction or are all on time?
- N. L. Sharma:** Can you repeat the question? I think there is some issue of marking of sound.
- Mohit Surana:** Are your current under construction projects are all are those facing any delays or those are on time to be commissioned the earlier inserts?
- N. L. Sharma:** There are delays. The last 1.5 years throughout the country we are facing this COVID impact and particularly for the construction of the project's supplier material, availability of the labor, labor is migrating there are lockdowns. Then recently problem with the oxygen cylinders all the industrial oxygen was taken away for the medical purpose. So, there are issues, but we have to work in the midst of all these issues also.
- Mohit Surana:** Sir, just one last thing. Regarding your thermal power project will the Buxar one will be the only thermal power project, or you may also go for any other opportunity in the thermal space?
- N. L. Sharma:** So far this is the only thermal project. However, there is scope of adding one more unit. There is scope but we are not going as of now for that and other projects Government of India has taken a decision not to add thermal capacity anymore. So there is no other possibility of going into thermal more.
- Moderator:** Thank you. Due to time constraints that was the last question. I would now like to hand the conference over to Mr. Rupesh for closing comments.
- Rupesh Sankhe:** So we thank Mr. N. L. Sharma for giving us an opportunity to host this call. And we also thank all the investors and analysts for joining this call. Thank you so much.
- Moderator:** Thank you. On behalf of Elara Securities Private Limited, that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines.