

OFFER BACKGROUND

The President of India, acting through and represented by the Ministry of Power, Government of India, is the promoter of SJVN Limited (the "Promoter"). The Promoter (the "Seller") proposes to sell up to 9,66,72,962 Equity Shares having a face value of ₹10 each, representing 2.46% of the total issued and paid-up Equity Share capital of the Company ("Base Offer Size"), on September 21, 2023 ("T Day") (for non-Retail Investors only) and on September 22, 2023 ("T+1 Day") (for Retail Investors and for non-Retail Investors who choose to carry forward their un allotted bids) ("Offer Shares") with an option to additionally sell 9,66,72,961 Equity Shares (representing 2.46% of the total issued and paid up equity share capital of the Company) (the "Oversubscription Option" and in the event that the Oversubscription Option is exercised, the Equity Shares forming part of the Base Offer Size and the Oversubscription Option will collectively hereinafter be referred to as "Offer Shares" while in the event that such Oversubscription Option is not exercised the Equity Shares forming part of the Base Offer Size will be hereinafter referred to as "Offer Shares") through a separate, designated window of BSE Limited (the "BSE") and National Stock Exchange of India Limited ("NSE", and together with the BSE, the "stock Exchanges"), collectively representing 4.92% of the total paid up equity share capital of the Company as on June 30, 2023 (held in dematerialized form in demat accounts with the relevant depository participant), in accordance with the OFS Guidelines (such offer for sale hereinafter referred to as the "Offer").

THE SYNOPSIS OF THE OFFER FOR SALE IS AS FOLLOWS:

Name of the Seller (Promoter /Promoter Group)	The President of India, acting through and represented by the Ministry of Power, Government of India
Name of the company whose shares are proposed to be sold and ISIN	SJVN Limited
Name of the stock exchanges where orders shall be placed	BSE and NSE
Name of the designated stock exchange	BSE
Date and time of opening and closing of the sale	Date: September 21, 2023 for Non-Retail; Open: 9.15am; Close: 3.30 pm Date : September 22, 2023 for retail; Open : 9:15am; Close : 3.30pm
Total number of equity shares being offered in the Sale	Sell up to 9,66,72,962 Equity Shares having a face value of ₹10 each, representing 2.46% of the total issued and paid-up Equity Share capital of the Company ("Base Offer Size"), with an option to additionally sell 9,66,72,961 Equity Shares (representing 2.46% of the total issued and paid up equity share capital of the Company)
Name of the broker(s)	Axis Capital Limited Kotak Securities Limited
Retail Discount	No discount
Floor Price	Rs. 69
Allocation Methodology	The allocation shall be at or above the Floor Price on price priority method at multiple clearing prices ("Clearing Prices") basis in accordance with the SEBI OFS Circulars.

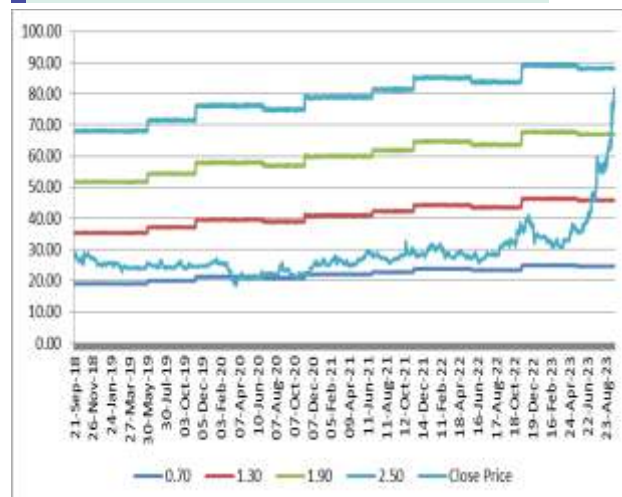
Stock Data

Latest Data as on Sep 20, 2023	
Latest Equity(Subscribed)	3929.80
Latest Reserve	9929.74
Latest EPS -Unit Curr.	2.66
Latest Bookvalue -Unit Curr.	35.27
Face Value	10.00
Stock Exchange	BSE
Latest Market Price--Unit Curr.	81.75
Latest P/E Ratio	30.73
Latest P/BV	2.32
52 Week High -Unit Curr.	83.69
52 Week High-Date	20/09/2023
52 Week Low -Unit Curr.	29.90
52 Week Low-Date	30/09/2022
Market Capitalisation	32126.80
Dividend Yield -%	2.17

Price Chart



Valuation Chart (Based on Book Value)



Key Findings

- SJVN Limited is an Indian public sector undertaking having business interests in hydro, thermal, solar, wind and in power transmission & power trading. It is a joint venture between the Government of India and the Government of Himachal Pradesh. Currently, SJVN has project portfolio of 46,879 MW with 74 projects in various stages of development and is marching ahead to achieve its shared vision of 5000 MW by 2023-24, 25,000 MW by 2030 & 50,000 MW capacity by 2040.
- The company has successfully achieved its ambitious Capital Expenditure (CAPEX) target for fiscal year 2022-23. With Rs. 8240 crores, the company has surpassed the target of Rs. 8,000 crores assigned by the Ministry of Power, Govt. of India.
- SJVN has achieved this target to contribute in economic and infrastructural growth of the Nation. Management apprised that the CAPEX target of Rs 8,000 crores was the third highest amongst power CPSEs for FY 2022-23. Deriving Confidence and Riding High on this achievement, SJVN is now set to achieve the gigantic CAPEX target of Rs 10,000 crores for FY 2023-24. Currently SJVN is constructing 14 Power Projects and 2 Transmission lines across India and in neighboring country of Nepal.
- SJVN has continued its exemplary performance in power generation and has achieved 9335 million units from all its power stations in FY 2022-23 surpassing the previous year's generation.
- Recently, SJVN Ltd has secured a 100 MW grid-connected wind power project in Gujarat, Chairman and Managing Director Nand Lal Sharma said on Saturday. The project was awarded to SJVN Green Energy Limited, a wholly-owned subsidiary of SJVN, through a competitive bidding process followed by an e-reverse auction organized by Gujarat Urja Vikas Nigam Limited. The project will also help reduce carbon emissions by 344,255 tons.
- SJVN inks power purchase agreement with BBMB for 18 MW solar project. The project will be developed on the land parcels of BBMB in the states of Himachal Pradesh & Punjab. The project is scheduled to be commissioned by August 2024. The project has been secured through open competitive bidding at a tariff of Rs 2.63 per unit in the e-reverse auction organized by Punjab Energy Development Agency. The project will generate 39.42 million units of energy in the first year of operation and the cumulative energy generation over a period of 25 years would be about 917 million units. Power purchase agreement for the power produced from the project has been signed with BBMB for 25 years. Commissioning of this project is expected to reduce 44,923 tonnes of carbon emission.
- Separately, SJVN informed India Ratings and Research (Ind-Ra) has affirmed the company's long-term issuer rating at 'IND AA+' with 'stable' outlook. India Ratings said that the successful completion of the under-construction projects within the time and cost estimates, successful tie ups of PPAs, continued high share of operations from the regulated business, and sustained strong operating performance of the completed projects could be positive for the ratings. However, sustained deterioration in the operating performance, accumulation in the receivables, higher-than-expected capacity expansion in projects without regulated cash flows, leading to a sustained increase in the gross adjusted leverage, on a sustained basis, and/or the inability of the company to tie up PPAs for the upcoming power projects before commercial operations could be negative for the ratings.
- During Q1FY24, the company's consolidated net profit declined 55.39% to Rs 271.75 crore on a 32.80% fall in revenue to Rs 674.79 crore in Q1 FY24 over Q1 FY23.
- SJVN's consolidated net profit jumped over two-fold to Rs 17.21 crore during the quarter ended March 31, boosted by higher income. It had clocked a net profit of Rs 7.49 crore in the January-March quarter of the preceding financial year (FY22), the company said in a regulatory filing on Monday. The company's total income rose to Rs 582.78 crore, from Rs 393.87 crore in the year-ago quarter.

Risk

- Cyclical nature of paper industry
- Volatility in raw material prices

Conclusion

SJVN is well-positioned to benefit from the government's focus on renewable energy, increasing demand for power, and strong financial position. The company is diversifying into alternate energy sources such as Wind & Solar Energy and Power Transmission. SJVN is constantly striving to expand its base both in National and international arena. Recently, the government has announced a plan to add 250 GW of renewable energy capacity in the next five years to achieve its target of 500 GW of clean energy by 2030; this would add benefit to the company. The company valuation looks overvalued. We expect the stock to see a price target of Rs.56 in 8 to 10 month time frame on an expected P/bv_x 1.58 of and FY24 (BVPS) of 35.63 . it may decline to 24% from current market price of Rs.74.

View : Fundamentally good for long term purpose but overvalued.

Size of offer for sale: Rs.667 crores and if oversubscribed Rs.1334 crores

Shareholding Pattern (%)

Description as on	% of Holding 30-06-2023	% of Holding 31-03-2023	% of Holding 31-12-2022	% of Holding 30-09-2022	% of Holding 30-06-2022
Total Foreign	1.61	1.98	2.52	3.16	3.13
Total Institutions	4.34	4.08	3.82	3.85	3.42
Total Non Promoter Corporate Holding	0.92	0.82	0.8	0.72	0.72
Total Promoters	86.77	86.77	86.77	86.77	86.77
Total Public & Others	6.35	6.37	6.09	5.49	5.95

Shareholding of securities of persons belonging to the category Public and holding more than 1% of the total number of shares

Description as on	% of Holding 30-06-2023	% of Holding 31-03-2023	% of Holding 31-12-2022	% of Holding 30-09-2022	% of Holding 30-06-2022
Sbi Equity Hybrid Fund			1.94	1.94	1.94
Sbi Small Cap Fund	2.13	1.94			

Allocation methodology

A minimum of 25% of the equity shares being offered in the Sale shall be reserved for allocation to mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended ("Mutual Funds") and insurance companies registered with the insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority Act, 1999, as amended ("Insurance Companies"), subject to receipt of valid bids/orders at the Clearing Prices.

In the event of any under subscription by Mutual Funds and Insurance Companies, the unsubscribed portion shall be available to the other bidders.

No single bidder other than Mutual Funds and Insurance Companies shall be allocated more than 25% of the size of the Sale.

Oversubscription option

In case the Oversubscription Option is not exercised, the equity shares of the Company forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares") through a separate, designated window of the BSE Limited (the "BSE") and the National Stock Exchange of India Limited ("NSE", and together with the BSE, the "Stock Exchanges"). The Offer shall be undertaken exclusively through the Seller's Brokers named below on a separate window provided by the Stock Exchanges for this purpose.

Conditions for withdrawal of the Sale

The Seller reserves the right to not to proceed with the Sale at any time prior to the time of opening of the Sale on the Sale Date.

In such a case, there shall be a cooling off period of 10 trading days from the date of withdrawal before an offer is made again. The Stock Exchanges shall suitably disseminate details of such withdrawal.

Conditions for cancellation of the Sale

In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.

Conditions for participating in the Sale

In case of institutional investors who place orders with 100% of the order value deposited upfront, custodian confirmation shall be within trading hours.

In case of institutional investors who place orders without depositing 100% of the order value upfront, custodian confirmation shall be as per the existing rules for secondary market transactions.

The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.

Modification or cancellation of orders would be allowed during the duration of the offer only for:

(I) Orders placed by institutional investors and by non-institutional investors, with 100% of the order value deposited upfront: Such orders can be modified or canceled at any time during the trading hours.

(ii) Orders placed by institutional investors without depositing 100 % of the order value upfront: Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.

The buyer shall also be liable to pay any other fees, as may be levied by the Stock Exchanges, including Securities Transaction Tax.

In case of any permitted modification or cancellation of the order / bid, the funds shall be released/ collected on a real-time basis by the clearing corporation.

In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stock exchange.

QUARTERLY PERFORMANCE

	Qtr Ending Jun.23	Qtr Ending Jun.22	VAR %
Total Income	674.79	1004.11	-33
OPM (%)	71.59	82.47	-13
OP	483.09	828.09	-42
Other income	70.64	107.89	-35
PBIDT	553.73	935.98	-41
Net Finance Charges	89.8	144.45	-38
PBDT	463.93	791.53	-41
Depreciation	100.71	100.41	0
PBT	363.22	691.12	-47
Tax expense	91.47	81.89	12
PAT	271.75	609.23	-55

BALANCE SHEET

(Rs. In Crore)

	202303	202203	202103	202003	201903
SOURCES OF FUNDS :					
Share Capital	3929.8	3929.8	3929.8	3929.8	3929.8
Reserves Total	9929.74	9240.54	8861.49	8121.28	7316.42
Total Shareholders Funds	13859.54	13170.34	12791.29	12051.08	11246.22
Secured Loans	7419.33	1670.89	411.36	272.87	211.28
Unsecured Loans	6640.01	5235.26	1762.27	1965.44	1943.83
Total Debt	14059.34	6906.15	2173.63	2238.31	2155.11
Other Liabilities	885.86	1277.24	1012.47	931.14	887.25
Total Liabilities	28804.74	21353.73	15977.39	15220.53	14288.58
APPLICATION OF FUNDS :					
Gross Block	12168.76	11174.64	10908.00	10563.59	10259.81
Less: Accumulated Depreciation	3679.27	3309.14	2900.97	2512.44	2117.88
Net Block	8489.49	7865.50	8007.03	8051.15	8141.93
Capital Work in Progress	15673.87	8369.46	4298.27	2265.08	1303.30
Investments	35.84	275.17	222.07	195.12	160.30
Current Assets, Loans & Advances					
Inventories	72.80	62.70	56.19	49.55	44.94
Sundry Debtors	276.84	575.03	521.91	744.46	276.57
Cash and Bank	3731.44	2902.03	1305.94	2335.38	2966.94
Loans and Advances	736.61	563.36	914.57	473.99	1016.81
Total Current Assets	4817.69	4103.12	2798.61	3603.38	4305.26
Less: Current Liabilities and Provisions					
Current Liabilities	2908.95	1392.05	991.84	512.54	478.60
Provisions	597.31	502.70	504.10	222.04	206.49
Total Current Liabilities	3506.26	1894.75	1495.94	734.58	685.09
Net Current Assets	1311.43	2208.37	1302.67	2868.80	3620.17
Deferred Tax Assets	476.33	529.71	622.72	784.63	308.47
Net Deferred Tax	476.33	529.71	622.72	784.63	308.47
Other Assets	2817.78	2105.52	1524.63	1055.75	754.41
Total Assets	28804.74	21353.73	15977.39	15220.53	14288.58
Contingent Liabilities	1036.20	977.08	775.13	792.69	633.07

PROFIT AND LOSS ACCOUNT
(Rs. In Crore)

	202303 (12)	202203 (12)	202103 (12)	202003 (12)	201903 (12)
INCOME :					
Net Operating Income	2945.73	2425.45	2490.69	2710.34	2652.58
Other Income	348.4	222.27	741.39	599.23	454.55
Total Income	3294.13	2647.72	3232.08	3309.57	3107.13
EXPENDITURE :					
Electricity & Fuel Expenses	11.13	11.56	10.11	11.91	14.08
Operating Expenses	97.33	85.89	83.46	79.14	85.4
Employee Cost	286.86	290.62	317.22	308.41	316.41
Selling & Administration expenses	212.87	169.36	157.28	157.9	154.84
Miscellaneous Expenses	102.62	100.66	372.06	52.42	100.8
Total Expenditure	710.81	658.09	940.13	609.78	671.53
Operating Profit	2583.15	1989.63	2291.95	2699.79	2435.6
Interest	449.09	225.52	42.27	344.2	250.55
Gross Profit	2134.06	1764.11	2249.68	2355.59	2185.05
Depreciation	396.4	404.29	393.27	384.09	390.26
Profit Before Tax	1737.66	1359.82	1856.41	1971.5	1794.79
Tax	324.98	277.01	48.78	515.26	386
Deferred Tax	53.38	93.01	161.91	-110.52	42.25
Net Profit	1359.3	989.8	1645.72	1566.76	1366.54
Minority Interest (after tax)	0	0	0	0	3.96
Net Profit after Minority Interest & P/L Asso.Co.	1359.3	989.8	1645.72	1566.76	1362.58
Extraordinary Items	-29.69	-20.18	-233.95	149.62	-43.95
Adjusted Net Profit	1388.99	1009.98	1879.67	1417.14	1406.53

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