INDIA

BUY

SJVN

Result Update

15 February 2017

CENTRUM

Power

Core RoE Remains Resilient, Retain Buy

We maintain our Buy rating and revise our TP to Rs42.5 (vs. earlier TP of Rs40). Core RoE at 2.4% was resilient vs 2.6% in Q3FY16. Higher PAF based incentives led to the beat in operating earnings. The weak hydro generation in Q1FY17 has been recouped and the generation on YoY basis until Jan-17 is lower by 3%. While the stock performance would hinge on a favourable CERC tariff order, liquidation of receivable position, and clarity on OFS, we like SJVN for its intrinsically strong regulated business model, with stable annuity-based cash flows, our inference of average project core RoE of 21% for the forecast period vs normative RoE of 16.5%, superior operational efficiency, high margins, low D:E of 0.4x in FY19E and dividend yield of 7%, make us believe that it is a very strong investment bet.

- **Earnings Snapshot:** During Q3FY17, higher PAF based incentives at Rs0.6bn (+48.8% YoY) although off-set with lower UI income at Rs15.2mn vs Rs47.3mn in Q3FY16 led to the beat in earnings. SJVN has petitioned the Central Electricity Regulatory Commission (CERC) to increase the regulatory tariffs for NJHPS and RHPS. The petition is in advanced stages of approval and the management has guided that the tariff orders outcome would be known by Mar-17. Pending the approval, SJVN continues to charge tariffs based on provisional tariff orders, which is lower than actuals. Hence, earnings may appear depressed currently, but will strongly rebound (with retrospective effect from FY15). The company has near Rs4.7bn (EPS impact of Rs0.9) of surcharge income due, which will be accounted on receipt basis and reflected by us over FY18-19E.
- **Other Updates:** In Q3FY17, SJVN's average PAF for NJHPS stood at 108.5% (+571bps YoY) and at 107.3% (+912bps YoY) for RHPS.. The company had revised its project cost for RHPS to Rs42.3bn vs earlier its submission of Rs38.9bn, and it is indicated to be in advanced stages of approval by CEA/CERC. This compares with provisional tariff approved and billed for RHPS with a project cost of Rs31.1bn, implying a significant jump in earnings on the approval of increased project cost. The company is pursuing 4.5GW of capacity expansion, which would be commissioned over FY23-27E, with capex currently focussed on the Buxar facility as well as solar & JV projects in Nepal and Bhutan. While SJVN will be AFCF positive until FY18E, we like to highlight that capex on the Buxar facility is reflected as investments in the SPV and hence FCF will optically look better on a reported basis.
- **Outlook:** We remain conservative and have not factored in the likely earnings trigger in the form of tariff approval for NJHPS and RHPS in FY17. The strategic location of the power plants which are based on perennial river flow and a track record of superior operational efficiency will ensure generation above design energy and hence there will be no under-recovery of fixed costs. The trade receivable position stood at Rs13.2bn in Dec-16 vs Rs17.2bn in Sep-16, and as on date it has recovered Rs2bn and has guided for further recovery, which is positive. The management has announced a high dividend and we expect this to be maintained. Management is contemplating seeking relief from SEBI on compliance with minimum public shareholding norms and if approved, it will remove any overhang.
- **Valuations and Key Risks:** Our revised TP of Rs42.5 is based on Mar-19E by assigning equal weight to the fair value derived using (1) DCFF and (2) PB(x) to individual hydro power projects, its renewable asset portfolio, and net cash. We believe the stock is poised for further re-rating given rich, best-in-class CFO/EBITDA and stable core RoE. Additionally, by perpetually factoring in a constant regulated equity base for NJHPS & RHPS and higher cost of equity, our TP offers a safety margin. Key downside risks are (1) adverse tariff orders or regulatory changes and (2) write-off of receivables.

Y/E Mar – Stand. (Rs mn)	Q3FY17	Q3FY16	YoY (%)	Q2FY17	QoQ (%)	Q3FY17E	Var (%)
Net sales	4,954	4,820	2.8	8,486	(41.6)	4,542	9.1
EBITDA	3,844	3,674	4.6	7,377	(47.9)	3,400	13.1
RPAT	2,611	2,116	23.4	5,219	(50.0)	1,985	31.5
Operating Metrics:							
Gross Generation – NJHPS (MU)	955	999		3,092		950	
Gross Generation – RHPS (MU)	271	282		861		267	
Gross Generation – Renewable (MU)	2	4		11		4	
Total Generation (MU)	1,226	1,285	(4.6)	3,964	(69.1)	1,220	0.5

Source: Company, Centrum Research

Target Price	Rs42.5
CMP*	Rs35.7
Upside	*19.0%*
Previous Target	Rs40
Previous Rating	BUY

Price Performance (%)*

	1M	6M	1Yr
SJVN IN	*11.0*	*28.4*	*26.4*
NIFTY	*3.9*	*0.6*	*21.8*

Key Data	
Bloomberg Code	SJVN IN
Curr Shares O/S (mn)	4,136.6
Diluted Shares O/S(mn)	4,136.6
Mkt Cap (Rsbn/USDbn)	147.7/2.2
52 Wk H / L (Rs)	35.9/26
5 Year H / L (Rs)	35.9/18.3
Daily Vol. (3M NSE Avg.)	943972

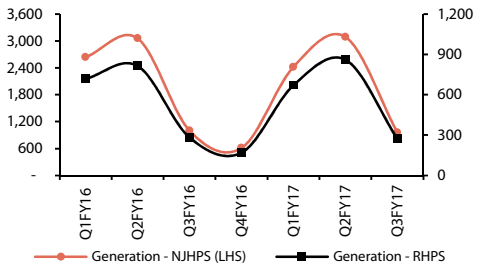
**as on 15 February 2017; Source: Bloomberg, Centrum Research*

Shareholding pattern (%)*

	Dec-16	Sep-16	Jun-16	Mar-16
Promoter	*90.0*	*90.0*	*90.0*	*89.0*
FIIs	*3.2*	*3.0*	*2.7*	*2.6*
Dom. Inst.	*4.0*	*4.3*	*4.5*	*4.5*
Public & Others	*2.8*	*2.8*	*2.9*	*4.0*

*Source: BSE, *as on 15 February 2017*

Trend in gross generation



Source: Company, Centrum Research

Earning Revision

Particulars (Rsbn)	FY17E			FY18E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	25.0	25.0	0.0	23.4	23.4	0.0
EBITDA	20.6	20.6	0.0	18.8	18.8	0.0
APAT	14.7	14.4	1.6	15.0	15.1	(1.3)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs bn)	FY17E			FY18E		
	Centrum	BBG	Chg (%)	Centrum	BBG	Chg (%)
Revenue	25.0	26.2	(4.5)	23.4	26.0	(10.1)
EBITDA	20.6	21.6	(4.6)	18.8	21.3	(11.6)
APAT	14.7	14.0	5.2	15.0	14.6	2.7

Bloomberg Consensus				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
2	0	0	38	42.5	11.8

**as on 15 February 2017; Source: Bloomberg, Centrum Research Estimates*

Sachin Mehta, *sachin.mehta@centrum.co.in*, 91 22 4215 9854

Y/E Mar (Rsbn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	Adj.DEPS Rs.	RoE (%)	RoCE (%)	P/B (x)	Adj. P/E (x)
FY15	28.2	50.4	24.4	86.7	12.4	13.8	3.0	12.9	15.6	1.0	8.0
FY16	25.0	(11.3)	20.5	82.3	14.1	13.8	3.4	13.2	11.4	1.0	7.9
FY17E	25.0	0.1	20.6	82.4	14.7	4.2	3.5	13.1	11.5	1.1	8.3
FY18E	23.4	(6.4)	18.8	80.2	15.0	1.9	3.6	13.0	10.8	1.3	9.9
FY19E	24.4	4.3	19.5	80.0	13.0	(12.8)	3.2	11.0	8.7	1.2	11.3

Source: Company, Centrum Research Estimates

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Valuation and view

We have arrived at our revised TP of Rs42.5 based on Mar-19E (vs Mar'18E earlier), by assigning equal weight to the fair price derived under DCFF and PB(x). The average method is used to factor in the near-term trend and long-term intrinsic value of the stock discovered under DCFF, noting the annuity-based earning model and capex cycle subsumed. We have maintained our earnings but our TP has been revised owing to lower CoE assumptions and changes in the working capital position. The company clarified that it is still contemplating buy back as an option to reward its shareholders in future, but in FY17, it has offered a dividend of Rs2.25/share (implied yield of 7%).

Exhibit 1: Valuation

Methodology	Fair Multiple assigned to Mar-18E	Fair price (Rs)	Valuation Base	
DCFF	NA	52.6	WaCC at 10.1%, CoE at 11.5%, risk-free rate at 7.3%, Beta at 0.6 and terminal growth rate of 3.3% applied to estimated DCFF on a firm basis until FY26E.	
P/B(x)	Various	32.4	Applied a fair P/B(x) of 2.5 on REB* for NJHPS : Applied a fair P/B(x) of 2.5 on REB for RHPS: Applied a P/B(x) of 0.5x BV to renewable: Sub-total	Rs26 Rs6 Rs1 Rs32.4
Fair price (rounded-off)		**42.5**		

*Source: Company, Bloomberg, Centrum Research Estimates;*REB = Regulated Equity Base approved by CERC*

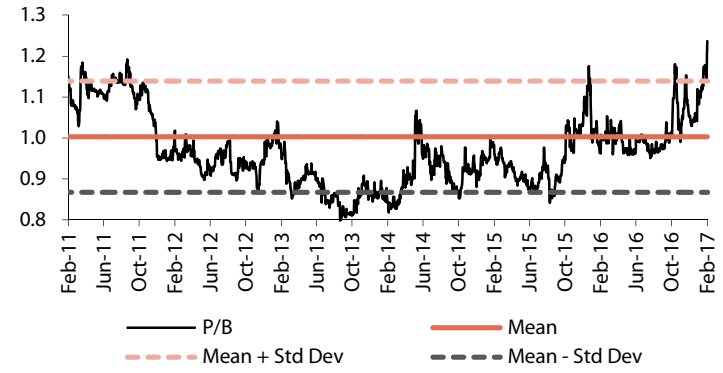
Both DCFF and P/B(x) valuation methodology adopted by us follows a perpetual status quo on regulated equity base for operational hydro projects (Rs42.9bn for NJHPS and Rs9.3bn for RHPS); hence, our TP offers a significant margin of safety. Additionally, a higher risk-free rate of 7.3% considered vs current 6.9% certainly provides a safety margin to our TP of Rs42.

Exhibit 2: Sensitivity Analysis to FY18E

Sensitivity to key variables	(%)Change	% impact on EBITDA	% impact on EPS
Increase in units sold for NJHPS	5	3.8	3.4
Increase in units sold for RHPS	5	1.3	1.2

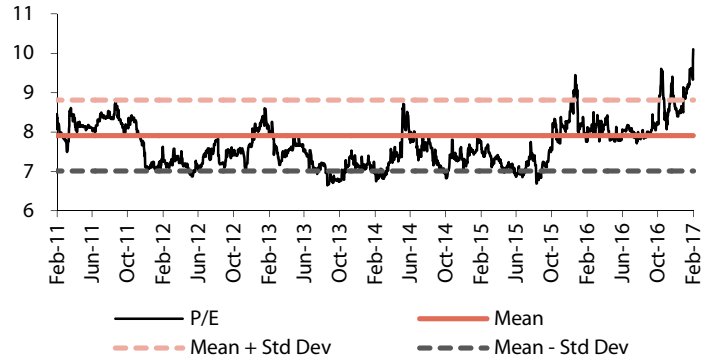
Source: Company, Centrum Research Estimates

Exhibit 3: 1 year forward P/B chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 4: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 5: Comparative Valuations

Company	Mkt Cap (Rs bn)	CAGR FY16-FY18E (%)			EBITDA Margin (%)			PE (x)			P/B (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
SJVN	**147.7**	**(3.2)**	**(4.4)**	**4.2**	**82.2**	**82.4**	**80.2**	**7.9**	**8.3**	**9.9**	**1.0**	**1.1**	**1.3**	**13.2**	**13.1**	**13.0**	**4.1**	**8.5**	**7.0**
NHPC*	339.3	5.9	7.5	6.0	59.9	61.0	61.7	7.9	10.1	10.9	0.7	0.9	1.0	8.7	8.9	9.4	7.8	6.0	5.3
NTPC	1,393.9	7.8	14.6	12.1	24.8	26.9	28.1	13.2	13.2	13.3	1.2	1.3	1.3	9.6	10.3	10.4	2.5	2.3	2.1

*Source: *Bloomberg Consensus, Centrum Research Estimates*

Quarterly financials, Operating metrics and Key performance indicators

Exhibit 6: Quarterly Financials

Particulars (Rs mn)	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17
Net Sales	**3,857**	**7,742**	**8,539**	**4,820**	**3,857**	**7,408**	**8,486**	**4,954**
Other operating income	6	21	2	3	1	-	-	-
Consumption of raw material	-	-	-	-	-	-	-	-
Employee benefit expenses	462	560	568	587	449	547	572	588
Total Operating expenses	604	958	1,138	1,149	1,200	1,079	1,109	1,110
EBITDA	**3,259**	**6,805**	**7,402**	**3,674**	**2,658**	**6,328**	**7,377**	**3,844**
Depreciation	1,745	1,684	1,711	1,680	1,697	1,701	1,644	1,725
Interest	266	616	967	395	(1,165)	617	66	607
Other Income	2,209	1,441	2,236	905	(484)	1,865	791	1,595
PBT	3,457	5,945	6,960	2,504	1,643	5,875	6,459	3,107
Tax (including deferred tax)	284	1,100	1,310	388	168	1,081	1,240	496
RPAT	**1,851**	**4,844**	**5,650**	**2,116**	**1,475**	**4,794**	**5,219**	**2,611**
YoY Growth (%)								
Net Sales	*24.5*	*14.7*	*(29.4)*	*(11.8)*	*(0.0)*	*(4.3)*	*(0.6)*	*2.8*
EBITDA	*39.6*	*12.9*	*(33.2)*	*(9.3)*	*(18.4)*	*(7.0)*	*(0.3)*	*4.6*
PAT	*27.8*	*14.2*	*(29.1)*	*(21.8)*	*(20.3)*	*(1.0)*	*(7.6)*	*23.4*
Margins (%)								
EBITDA	*84.5*	*87.9*	*86.7*	76.2	68.9	*85.4*	*86.9*	*77.6*
APAT	*48.0*	*62.6*	*66.2*	43.9	38.2	*64.7*	*61.5*	*52.7*
Key Operational Parameters								
Gross Generation – NJHPS	609	2,640	3,061	999	613	2,424	3,092	955
Gross Generation – RHPS	169	718	815	282	169	671	861	271
Gross Generation - Renewable	3	17	24	4	5	19	11	2

Source: Company, Centrum Research

Exhibit 7: Key Performance Indicators

Key Variable	FY15	FY16	FY17E	FY18E	FY19E
Capacity (MW) (NJHPS +RHPS)	1912	1912	1912	1912	1912
Units generated – NJHPS (MU)	6,838	7,313	6,801	7,313	7,313
Units generated – RHPS (MU)	1,258	1,983	1,778	1,897	1,897

Source: Company, Centrum Research Estimate

Financials (Standalone)

Exhibit 8: Income Statement

Y/E March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Revenues	**28,175**	**24,985**	**25,018**	**23,407**	**24,415**
Materials	-	-	-	-	-
% of revenues	-	-	-	-	-
Employee Costs	1,996	2,164	2,177	2,344	1,863
% of revenues	*7.1*	*8.7*	*8.7*	*10.0*	*7.6*
Others	1,764	2,282	2,236	2,293	3,013
% of revenues	*6.3*	*9.1*	*8.9*	*9.8*	*12.3*
EBITDA	**24,416**	**20,539**	**20,606**	**18,771**	**19,539**
EBITDA Margin (%)	*86.7*	*82.2*	*82.4*	*80.2*	*80.0*
Depreciation & Amortisation	6,410	6,772	6,899	3,883	4,335
EBIT	**18,006**	**13,767**	**13,707**	**14,888**	**15,204**
Interest expenses	646	813	747	922	862
PBT from operations	**17,360**	**12,954**	**12,961**	**13,966**	**14,342**
Other Income	4,436	4,097	4,803	4,758	2,386
Exceptional items	(4,388)	-	-	-	-
PBT	**21,796**	**17,051**	**17,764**	**18,723**	**16,728**
Taxes	3,705	2,966	3,093	3,773	3,686
Effective tax rate (%)	*17.0*	*17.4*	*17.4*	*20.2*	*22.0*
PAT	**18,091**	**14,085**	**14,671**	**14,950**	**13,041**
Extraordinary items	(1,323)	-	-	1,862	1,862
Reported PAT	**16,768**	**14,085**	**14,671**	**16,813**	**14,904**
Adjusted PAT	**12,379**	**14,085**	**14,671**	**14,950**	**13,041**

Source: Company, Centrum Research Estimates

Exhibit 9: Key Ratios

Y/E March	FY15	FY16	FY17E	FY18E	FY19E
Growth Ratios (%)					
Revenue	*50.4*	*(11.3)*	*0.1*	*(6.4)*	*4.3*
EBITDA	*52.2*	*(15.9)*	*0.3*	*(8.9)*	*4.1*
Adj. PAT	*13.8*	*13.8*	*4.2*	*1.9*	*(12.8)*
Margin Ratios (%)					
EBITDA Margin	*86.7*	*82.2*	*82.4*	*80.2*	*80.0*
PBIT from operations	*61.6*	*51.8*	*51.8*	*59.7*	*58.7*
Adjusted PAT	*38.0*	*48.4*	*49.2*	*53.1*	*48.7*
Return Ratios (%)					
ROE	*12.9*	*13.2*	*13.1*	*13.0*	*11.0*
ROCE	*15.6*	*11.4*	*11.5*	*10.8*	*8.7*
ROIC	*16.1*	*11.9*	*12.3*	*11.5*	*9.1*
Turnover Ratio (days)					
Gross block turnover ratio (x)	0.3	0.2	0.2	0.2	0.2
Debtors	195	185	164	164	73
Inventory	5	6	4	4	4
Creditors	2	3	4	4	4
Cash conversion cycle	198	188	164	164	73
Solvency Ratio (x)					
Net Debt-equity	(0.0)	(0.1)	(0.2)	0.0	0.2
Debt-equity	0.3	0.2	0.2	0.4	0.4
Interest coverage	0.0	0.1	0.1	0.1	0.1
Gross Debt/EBITDA	1.1	1.3	1.2	2.3	2.2
Current Ratio	2.8	3.5	3.0	2.7	1.2
Per share ratios (Rs)					
Adjusted EPS	3.0	3.4	3.5	3.6	3.2
BVPS (Adj.)	24.7	26.7	27.3	28.3	28.9
CEPS (Adj.)	5.6	5.0	5.2	5.0	4.7
DPS (Adj.)	1.1	1.1	2.5	2.5	2.5
Dividend payout %	*31*	*39*	*85*	*74*	*84*
Valuation (x)					
P/E (adjusted)	8.0	7.9	8.3	9.9	11.3
P/BV	1.0	1.0	1.1	1.3	1.2
EV/EBITDA	4.0	4.7	4.9	8.1	8.9
Dividend yield %	*4.4*	*4.1*	*8.5*	*7.0*	*7.0*
5 Yr Avg AOCF/EV yield %	*12.7*	*14.5*	*17.1*	*12.3*	*12.6*

Source: Company, Centrum Research Estimates

Exhibit 10: Balance Sheet

Y/E March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Equity Share Capital	41,366	41,366	41,366	41,366	41,366
Reserves & surplus	60,664	69,272	71,430	75,729	78,120
Shareholders' fund	**1,02,030**	**1,10,638**	**1,12,796**	**1,17,095**	**1,19,486**
Debt (including short-term borrowings and Pref. Capital)	**26,207**	**26,461**	**24,101**	**42,474**	**43,814**
Deferred Tax liability (net)	(2,854)	(3,526)	(3,526)	(3,526)	(3,526)
Total Liabilities	**1,25,384**	**1,33,573**	**1,33,371**	**1,56,043**	**1,59,774**
Gross block	1,32,212	1,32,583	1,33,708	1,43,458	1,53,208
Less: Accumulated depreciation	(41,688)	(48,460)	(55,358)	(59,241)	(63,576)
Net Block	**90,524**	**84,123**	**78,350**	**84,217**	**89,631**
CWIP	2,526	3,411	7,800	2,925	33,164
Net Fixed Assets	**93,050**	**87,534**	**86,150**	**87,142**	**1,22,795**
Investments	114	4,705	5,795	34,261	33,277
Inventories	368	387	250	234	244
Sundry Debtors	15,071	12,647	11,258	10,533	4,883
Cash & bank balances	28,563	38,841	44,523	38,091	16,697
Loans and advances	4,870	4,732	4,503	4,213	4,395
Other assets	1,056	1,428	1,501	1,404	977
Total current assets	**49,927**	**58,035**	**62,036**	**54,476**	**27,196**
Sundry Creditors	146	172	250	234	244
Other current liabilities	13,152	11,780	11,759	11,002	14,649
Provisions	4,409	4,749	8,601	8,601	8,601
Net current assets	**32,220**	**41,334**	**41,426**	**34,640**	**3,701**
Total Assets	**1,25,384**	**1,33,573**	**1,33,371**	**1,56,043**	**1,59,774**

Source: Company, Centrum Research Estimates

Exhibit 11: Cash Flow

Y/E March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Operating profit bef working capital changes	**22,135**	**18,855**	**21,569**	**20,696**	**19,239**
Net chg in working capital	(7,217)	3,227	5,590	354	9,544
CF from op. activities (a)	**14,917**	**22,081**	**27,160**	**21,050**	**28,784**
Adj. OCF (OCF – Interest as per cash flow)	14,393	21,337	26,413	20,127	27,922
Net Capex	(4,653)	(2,941)	(5,515)	(4,875)	(39,988)
Adj. FCF	9,741	18,396	20,898	15,252	(12,067)
CF from invest. activities (b)	**(2,771)**	**(4,758)**	**(6,605)**	**(33,341)**	**(39,005)**
CF from fin. activities (c)	**(7,738)**	**(7,046)**	**(14,873)**	**5,859**	**(11,173)**
Net chg in cash (a+b+c)	4,408	10,278	5,681	(6,432)	(21,395)

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accented accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the fore going limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Sachin Mehta, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

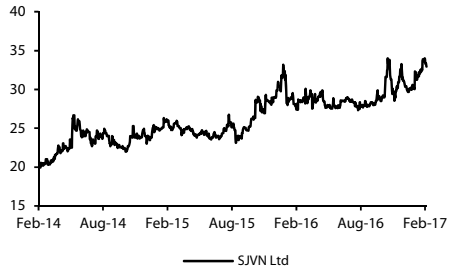
While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

SJVN price chart



Source: Bloomberg, Centrum Research

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		SJVN	NTPC
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)

Regn No.:
CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
(TRADING & CLEARING MEMBER)
CURRENCY DERIVATIVES: MCX-SX INE261454230
CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)
CDSL DP ID: 120 – 12200
SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in
Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:
Kavita Ravichandran
(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000