

Healthy Q3

14 February 2025

SJVN (SJVN IN) reported a robust Q3 performance with 24% YoY revenue growth to INR 6.7bn, driven by a 25% increase in generation to 1,578MU. Hydro generation rose 15% YoY while solar saw a 387% jump, although wind declined 4% YoY. EBITDA grew 26% YoY to INR 4.6bn, but higher depreciation, up 23% YoY, from Nathpa Jhakri and interest expenses, up 81% YoY due to ongoing capex hurting profitability, limiting PAT growth to 7% YoY at INR 1.5bn. Project delays continue, with the Buxar Unit 1 currently expected in May 2025 (Unit 2 four months later) and Arun 3 pushed to Q4FY27 due to geological issues. Installed capacity stands at 2,466.5MW, with plans to add 3GW by FY26, including 1,320MW thermal & 1,500MW renewables and 1.5GW in FY27. The company has a 7.2-GW renewable pipeline, targeting 25GW by FY30 and 50GW by FY40. We reiterate **Buy** with a lower TP of INR 131 on 2.5x FY27E P/B regulated equity.

Robust quarter on healthy generation: SJVN reported healthy revenue growth of 24% YoY to INR 6.7bn. Employee cost increased 21% YoY to INR 791mn. EBITDA rose 26% YoY to INR 4.6bn. Depreciation jumped 23% YoY to INR 1.4bn. Interest expense surged 81% YoY to INR 2.2bn. Interest and depreciation cost has increased due to ongoing capex and project financing. Nathpa Jhakri, which was commissioned in FY24, has resulted in the rise in depreciation cost. Other income was up 39% YoY to INR 897mn. Reported PAT went up 7% YoY to INR 1.5bn.

Generation increases 25% YoY in Q3: Power generation increased 25% to 1,578MU. Hydro generation rose 15% YoY to 1,388MU. Solar generation jumped 387% YoY to 172MU. Wind generation declined 4% YoY to ~17.6MU.

Project commissioning delayed: Management had earlier set a target for Buxar – Unit One to be commissioned in January 2025 but has now revised it to May 2025. It is likely Unit 2 of Buxar will be commissioned four months later. Arun 3 is set to be commissioned in Q4FY27. Geological surprises at the dam site has resulted in a delay in project execution. SJVN installed capacity currently stands at 2,466.5MW. It targets to add 3GW of capacity by FY26, which includes 1,320MW in thermal and 1,500MW of renewable capacity. It is likely to add 1.5GW in FY27, which includes the 900MW Arun 3 hydro project and renewable projects of 600MW. It comprises 7.2GW of renewable projects in pipeline. It targets 25GW of installed capacity by FY30 and 50GW by FY40.

Retain Buy with a lower TP of INR 131: Management has an ambitious plan on installed capacity. It plans to achieve 25GW installed capacity in the near term. We remain optimistic about SJVN's long-term growth prospects, supported by strong sectoral fundamentals. The company continues to prioritize expanding its installed capacity across a balanced portfolio of hydro, RE and thermal power projects. We retain **Buy** with a lower of INR 131 from INR 137 on 2.5x (unchanged) FY27E P/B regulated equity. We lower our TP given the delay in project execution for its regulated and RE projects.

Key financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	29,384	25,794	31,054	56,181	99,769
YoY (%)	21.6	(12.2)	20.4	80.9	77.6
EBITDA (INR mn)	22,302	18,170	22,051	42,286	78,777
EBITDA margin (%)	75.9	70.4	71.0	75.3	79.0
Adj PAT (INR mn)	13,593	9,114	10,094	18,932	31,678
YoY (%)	37.3	(32.9)	10.8	87.5	67.3
Fully DEPS (INR)	3.5	2.3	2.6	4.8	8.1
RoE (%)	9.8	6.5	6.7	11.6	17.1
RoCE (%)	6.5	3.8	3.2	4.4	9.1
P/E (x)	9.6	40.1	36.2	19.3	11.5
EV/EBITDA (x)	10.5	29.2	33.7	19.1	10.6

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 131**

Upside: **41%**

CMP: **INR 93**

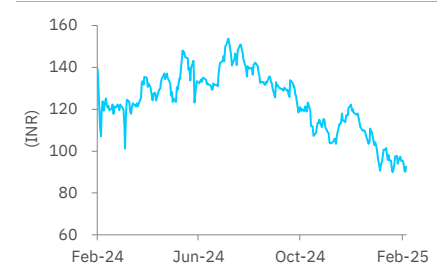
As on 13 February 2025

Key data

Bloomberg	SJVN IN
Reuters Code	SJVN.NS
Shares outstanding (mn)	3930
Market cap (INR bn/USD mn)	364/4187
Enterprise Value (INR bn/USD mn)	563/6474
Avg daily volume 3M (INR mn/USD mn)	993/11
52 week high/low	160/86
Free float (%)	18

Note: as on 13 February 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY24	FY25	FY25	FY25
Promoter	81.9	81.9	81.9	81.9
% Pledged	-	-	-	-
FII	2.4	2.4	2.5	2.4
DII	3.4	4.0	4.3	4.2
Others	12.3	11.7	11.3	11.5

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.2)	(4.6)	5.9
SJVN	(11.2)	(32.5)	(14.4)
NSE Midcap	(5.4)	(10.5)	6.4
NSE Smallcap	(8.5)	(12.2)	2.1

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Financials (YE March)

Income Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	29,384	25,794	31,054	56,181	99,769
EBITDA	22,302	18,170	22,051	42,286	78,777
Add:- Non operating Income	3,442	2,976	4,260	4,789	5,023
OPBIDTA	25,743	21,146	26,311	47,074	83,800
Less :- Depreciation & Amortization	3,964	5,571	4,155	11,527	10,071
EBIT	21,779	15,575	22,156	35,547	73,729
Less:- Interest Expenses	4,149	4,573	8,003	8,951	29,188
PBT	17,630	11,002	14,153	26,597	44,541
Less :- Taxes	3,681	2,621	4,102	7,707	12,908
Adjusted PAT	13,593	9,114	10,094	18,932	31,678
Reported PAT	13,593	9,114	10,094	18,932	31,678
Balance Sheet (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	39,298	39,298	39,298	39,298	39,298
Reserves	99,298	101,411	110,465	123,717	145,575
Borrowings	140,035	206,527	408,493	456,262	458,187
Other liabilities	1,790	1,798	1,974	2,072	2,176
Total Liabilities	280,421	349,033	560,231	621,351	645,237
Gross Block	109,407	144,049	244,487	576,458	671,480
Less:- Accumulated Depreciation	35,904	41,475	45,630	57,157	67,228
Net Block	73,503	102,573	198,857	519,301	604,252
Add:- Capital work in progress	168,383	216,993	336,675	87,539	27,539
Investments	341	351	351	351	351
Net Working Capital	5,487	6,081	(1,955)	(12,144)	(11,812)
Other Assets	32,707	23,034	26,303	26,304	24,906
Total Assets	280,421	349,033	560,231	621,351	645,237
Cash Flow Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Cash profit adjusted for non-cash items	22,928	21,977	26,354	47,117	83,844
Add/Less : Working Capital Changes	(4,275)	3,195	(3,011)	(9,057)	(19,083)
Operating Cash Flow	16,319	22,551	19,241	30,352	51,854
Less:- Capex	(68,439)	(73,336)	(222,261)	(82,835)	(35,022)
Free Cash Flow	(52,120)	(50,785)	(203,021)	(52,483)	16,832
Financing Cash Flow	55,471	53,001	202,126	45,313	(31,662)
Investing Cash Flow	(68,766)	(73,336)	(222,261)	(82,835)	(35,022)
Net change in Cash	3,024	2,217	(894)	(7,170)	(14,830)
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Income Statement Ratios (%)					
Revenue Growth	21.6	(12.2)	20.4	80.9	77.6
EBITDA Growth	29.2	(18.5)	21.4	91.8	86.3
PAT Growth	37.3	(32.9)	10.8	87.5	67.3
EBITDA Margin	75.9	70.4	71.0	75.3	79.0
Net Margin	46.3	35.3	32.5	33.7	31.8
Return & Liquidity Ratios					
Net Debt/Equity (x)	0.7	1.2	2.5	2.7	2.5
ROE (%)	9.8	6.5	6.7	11.6	17.1
ROCE (%)	6.5	3.8	3.2	4.4	9.1
Per Share data & Valuation Ratios					
Diluted EPS (INR/Share)	3.5	2.3	2.6	4.8	8.1
EPS Growth (%)	37.3	(32.9)	10.8	87.5	67.3
DPS (INR/Share)	2.1	1.3	0.8	1.4	2.5
P/E Ratio (x)	9.6	40.1	36.2	19.3	11.5
EV/EBITDA (x)	10.5	29.2	33.7	19.1	10.6
EV/Sales (x)	7.9	20.6	23.9	14.4	8.3
Price/Book (x)	0.9	2.6	2.4	2.2	2.0
Dividend Yield (%)	6.2	1.4	0.8	1.6	2.7

Revenue CAGR of 57% during FY24-27E, led by robust capacity addition

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

Quarterly financials

YE March (INR mn)	Q3FY25	Q3 FY24	YoY (%)	Q2FY25	QoQ (%)	Q3FY25E	Variance (%)
Net sales from operations	6,710	5,433	23.5	10,263	(34.6)	5,840	14.9
Total Expenses	2,081	1,748	19.0	1,979	5.2	1,978	5.2
Employee Cost	791	655	20.8	725	9.1	753	5.0
Other Expenses	1,290	1,094	17.9	1,254	2.9	1,225	5.3
EBITDA	4,629	3,685	25.6	8,284	(44.1)	3,862	19.9
EBITDA Margin (%)	69.0	67.8		80.7	0.0	66.1	4.3
Depreciation	1,375	1,121	22.6	1,328	3.5	994	
EBIT	3,254	2,564	26.9	6,956	(53.2)	2,868	13.5
EBIT Margin (%)	48.5	47.2		67.8	0.0	49.1	(1.2)
Interest	2,217	1,224	81.2	1,982	11.8	1,601	
Other Income	898	644	39.4	822	9.2	800	12.2
Pre-exceptional Profit	1,935	1,984	(2.5)	5,796	(66.6)	2,067	(6.4)
PBT	1,935	1,734	11.6	5,796	(66.6)	2,067	(6.4)
Provision for tax (including deferred tax)	402	443	(9.3)	1,498	(73.2)	517	(22.3)
Net movement in regulatory deferral account balances (net of tax)	(57)	88	(164.8)	91	(162.6)	0	
Reported PAT	1,488	1,390	7.0	4,399	(66.2)	1,551	(4.1)

Source: Company, Elara Securities Estimate

Exhibit 1: Valuation

(INR)	
FY27E regulated equity (INR mn)	132,586
P/B (x)	3.0
EBITDA FY27E For RE (INR mn)	24,578
EV/EBITDA (x)	14.0
Option value (INR)	27
TP (INR)	131
CMP (INR)	93
Upside (%)	41

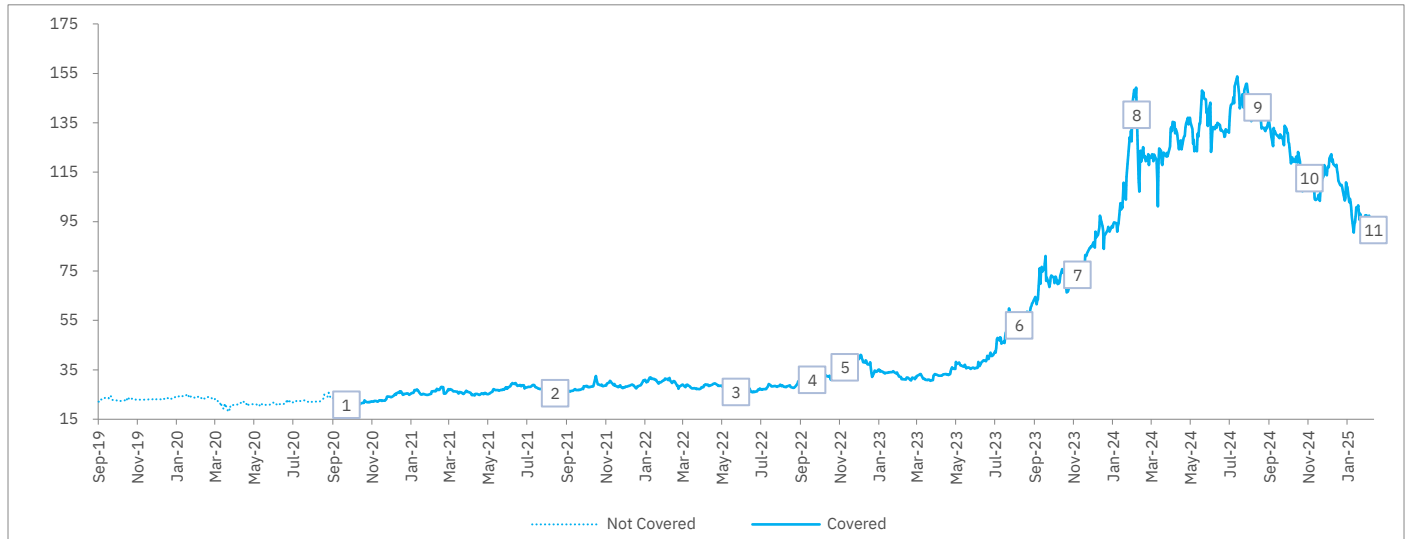
Note: Pricing as on 13 February 2025; Source: Elara Securities Estimate

Exhibit 2: Change in estimates

(INR mn)	Earlier			Revised			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	32,172	57,312	100,914	31,054	56,181	99,769	(3.5)	(2.0)	(1.1)
EBITDA	23,009	43,259	79,808	22,051	42,286	78,777	(4.2)	(2.3)	(1.3)
PAT	11,134	19,635	32,418	10,094	18,932	31,678	(9.3)	(3.6)	(2.3)
TP (INR)			137			131			(4.2)

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
6	10-Aug-2023	Buy	INR 67	INR 54
7	9-Nov-2023	Accumulate	INR 80	INR 75
8	9-Feb-2024	Reduce	INR 134	INR 141
9	16-Aug-2024	Accumulate	INR 152	INR 143
10	5-Nov-2024	Buy	INR 137	INR 114
11	13-Feb-2025	Buy	INR 131	INR 93

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

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