

NHPC LIMITED Q3FY14 EARNINGS CONFERENCE CALL

– **MODERATOR**

- Ladies and gentlemen good day and welcome to NHPC Limited's Q3FY14 Earnings Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder all participant's lines will be in the listen mode only and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference call, please signal an operator by pressing * and then 0 on your touch tone phone. Please note that this conference is being recorded. I now hand over the conference to Ms. Rupa Shah of Prabhudas Lilladher. Thank you and over to you Ms. Shah.

– **MS. RUPA SHAH – PRABHUDAS LILLADHER PVT. LTD.**

- Yeah thanks Shyama. Good morning everybody. We have with us the management of NHPC represented by Mr. A.B.L. Srivastava, the Director (Finance) and his team. Please start the call with some initial remarks by Mr. A.B.L. Srivastava and then proceed to the Q&A. over to you sir.

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- Good morning A. B. L. Srivastava this side. I am assisted by my team of different divisions. Mr. A.K. Sarkar, ED (Planning), Mr. S.K. Agrawal, ED (O&M), Mr. Rajkumar who is looking after the business development, Mr. Babu, ED (Commercial) and our ED (Finance), Mr. Jayant Kumar and Mr. Kukreja.
- First of all I am sorry that we could not have a conference call yesterday. Actually we had originally planned for yesterday. But due to urgent PIB meeting which was fixed with Secretary Expenditure to consider our proposal of Rs 2000 crores investment in joint venture in Pakaldul, Chenab Valley, we had to defer this conference call for a day and you had to wait for that. I am happy to announce that yesterday in the PIB meeting, the proposal has been principally agreed for our investment in the Chenab Valley Project which is going to be roughly 10,000 crores joint venture in which NHPC is having a 49% share and 49% share is with JKSPDC and 2% with the PTC. So that is the major breakthrough which has happened with our joint venture which was formed about 2 years back.
- Now coming to the financial results you know that the financial performance of the company for this quarter in particular and the 9 months in general has not been commensurate to the growth which we had been maintaining. The profit for the quarter has been 260 crores as against 312 crores corresponding to the period in the previous year. One is that generation which was supposed to be coming up in the various power stations which has not come to the last year's level. Secondly the addition which we have made during the current quarter as well as the tough 9 months have not been able to give a positive return mainly because of the fact that either they have been commissioned in the lean period where generation is lower or due to the initial tweaking and technical issues the

generation has not been to the commensurate extent. In case of the TLDP III this is mainly because of the initial tweaking troubles. And in case of Uri II it is because of mainly the project being commissioned in the lean period. You know that Chutak project which we have commissioned in the 9 months is also having less generation because of low availability of load. The total expenditure due to additions has gone up by 227 crores which is mainly consisting of depreciation 76 crores, generation and other expenses 40 crores, water cess 16 cores, finance cost 52 and imply cost by 42 crores. So you see that although there is an increase in the expenditure of 227 crores but reduction in the loss is only 52 crores. Only because of the fact that there has been increase in sales. But nevertheless this is not an area where we can console ourselves. We have to do many efforts to maintain the growth.

- This was about the financial results. The other area of concerns which you definitely will be having about our ongoing projects, unfortunately the work of Subansiri still could not be started. And there is slow progress in TLDP IV as you are aware. But I may say that our team has made various initiatives in the last over 1 and half years and because of the initiatives taken in the last 2 years the new business portfolio has given a good faith and we are likely that in the next few months we will be able to start new ventures both in solar, thermal as well as in the wind. Giving you the performance of the first 9 months, you may recall that in the month of August we had signed an MoU for 50 Megawatts in solar in UP and in September we have signed an MoU with Chattisgarh for 1320 Megawatts. And in December we have signed promoter's agreement for 6 hydro projects aggregating 1020 Megawatts in Orissa. And the latest addition is in Kerala where we have signed an agreement for 82 Megawatts in wind power.
- Now you see that the initiatives which were initiated by the company has resulted in an opening towards the diversified area in solar, thermal as well as the wind. In addition to this the NHPC has been pre-qualified for Orissa UMPP that is another new area of business which we are looking forward. The other side is that NHPC as you are aware has become the first public sector in the country to offer the buy back to its share holders and the buyback has been successful. It had participation both from the promoters as well as from retail shareholders. After the buyback, the Government of India holding is now 86%. The challenges of Subansiri and TLDP IV as I have already mentioned, they are continuing and we are having tough times to resolve the issue. But we are hopeful that shortly these issues will be resolved. And hydro projects which NHPC at its standalone basis is doing, there has been some progress that I would like to share that in respect of the Kotlibhel 1A the PIB clearance has been received and in case of Teesta IV, the wildlife clearance has been there in pipeline and similarly in Tawang I our forest clearance and in Dibang the environmental clearance are in pipeline. The Dhauliganga project power station which you are aware was closed in June because of the flash flood. The restart efforts are in full swing; rather our team is confident that by end of March we will be in a position to restore the work and either in March last or in early April we will be able to restart. Our all efforts is that in March itself we restart the power station. But you know that in hydro there are always some uncertainties which may sometimes affect our planning and other schedules.

– The next thing which you normally have an area of concern or query is about our debtors. As on date we have a debtor of 2300 plus crores, out of which only one beneficiary as on date is an area of concern that is J&K where our default is more than 1100 crores. We are making all efforts to get the issue resolved. Yesterday also we had a meeting and discussion with the concerned officers cum counterparts of the state government. They have assured that dues will be cleared by March. But let us keep the fingers crossed. One more thing which I will tell you about the debtor side is that you know that in the March we had booked an income of 360 crores in respect of the DTL dues which were outstanding since long and the amount has since been received in cash. That is another plus point which reduces our anxiety towards the receivables. The still one more area of concern which we are having is the accounting treatment in respect of the expenditure of Subansiri project in which the auditors have made qualification. As decided earlier, the matter has been referred to MCA for amendment in the regulations. We are hopeful that some positive decisions should come in favor of NHPC.

– That is all which I wanted to share in brief. Now the floor is open for you. You are requested to kindly introduce yourself and put your queries. Myself and my entire team will make all efforts to respond to all your queries immediately. And if there is any unanswered queries, that will be responded by way of email. Thank you.

– **MODERATOR**

– Thank you very much sir. Participants we will now begin with the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touch tone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. I have the first question from the line of Vishal Biraia from Batlivala & Karani Securities. Please go ahead.

– **MR. VISHAL BIRAIA – B&K SECURITIES**

– Sir my question pertains to the under-recovery at Chutak plant. Could you quantify because of the loss of availability what is the recovery and is there an under-recovery at any other plant.

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

– Our ED Commercial, Mr. Babu will be responding to this question. Under-recovery in case of Chutak . As far as tariffs are concerned, there is no under-recovery as far as AFC is concerned. But since the entire generation is less than design energy, the state is affected. AFC 50% is recovered. Do you want this clarification or anything more on this?

– **MR. VISHAL BIRAIA – B&K SECURITIES**

– Sir 50% of the AFC is recovered as the capacity and the balance is of the AFC that we recovered in the energy charge that is not coming through because of lower generation.

- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes, but CERC has allowed deemed generation to compensate for the same.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. So do you see an improvement and led by what?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- See improvement will come gradually.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Sir is the loss due to lack of transmission availability or some other factor?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- You know that Chutak and Nimmo Bazgo project are our isolated projects.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Indeed.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- There is no transmission system which is connecting to the grid. This power of both Chutak and Nimmo Bazgo project will be consumed in the local area itself. Therefore since earlier the demand was suppressed, now gradually the demand is increasing. In due course with one or two sub-stations also being energized, in due course it is expected that the entire design generation will be consumed. But it will take some time maybe a year or so.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Sir year or so or should we consider 2 years?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- We are hopeful that within a year's time the demand should be at par with the generation. But it may take time.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Sir my last question pertains to Subansiri. Sir what is the current status of the project and what is the development after the meeting with Chief Minister of Assam and other high level meetings that you've had?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- As mentioned in the opening remarks itself, that efforts are on with the help of the Government of India and the Government of Assam to resolve the issue. Since the discussions are midway we can only say that growth developments are on the positive side and naturally no fixed timeline as of now is possible to comment.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Sir was there any decision taken at the meeting with the chief Minister of Assam?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- I can't divulge the entire details of the discussion at this stage. The only thing is that efforts are on to resolve the issue as early as possible. The announcement about the worry of concessions and other things will be made only when the deal is closed.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Right sir. I'll come back in queue for more questions. Thank you.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Ok.
- **MODERATOR**
- Thank you. We have the next question from the line of Jonas Bhutta from Bank of America. Please go ahead.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Hello
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Hi sir. Just a few questions from my side. What would be our plant availability for the third quarter and the 9 months.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- For plant availability for the 9 months has been 84%.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Compared to what last year?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- 89%. And for the quarter it has been 74%.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Ok. Sir barring the Nimmo-Bazgo, Chutak issue, any other reason that led to this decline in availability?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The decline in availability has been also because of the incidence of Dhauli Ganga.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Alright. Sir with the.....could you share with us the revised commissioning timelines for Parbati III and TLDP IV?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Mr. Sarkar who is our ED Planning will be in a position to give you details in this regard.
- **MR. SARKAR – ED PLANNING**
- Our revised timelines of our Parbati III is March '14 during current year. Current financial year we are expecting to commission that project. In fact Parbati III all the four unit will be commissioned but generation will be late because Parbati II is not yet come up.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Right.
- **MR. SARKAR – ED PLANNING**
- And second is TLDP IV. It will be in the next year. It is expected to be commissioned by July '15.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Ok. Sir if I see this going back to your availability, sir the incentives based on availability has increased year over year despite actual availability being low. Any particular reason as to why would that be?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- No, incentives has been increased, you are correct. Incentive income has increased from 176 crores last year to 208 corers this year. There is an increase of roughly 32 crores over the previous year.
- **MR. JONAS BHUTTA – BANK OF AMERICA**

- Yes Sir.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- But there is a decline in secondary energy and UI charges.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- But my question was more on availability base. Sir if our availability is down nearly 500 basis points in year over year, why would our incentives be up 30%?
- **MR. BABU – ED, COMMERCIAL**
- Yeah, yeah ok. See the incentive against NAPAF is depending upon the AFC of the particular station also. See some of the stations where we got more availability where AFC is more. So definitely the incentive against NAPAF of that particular station is more compared to the stations where this AFC is less. So almost in 10 stations we got more incentive against NAPAF. Particularly Teesta V we got maximum incentives, increase in incentives. What I mean to say compared to last quarter that is 19 crores. For Sewa II the aggregate is 15 crores. For Chamera III the aggregate is 14 crores. For Salal also we got an increase of 5 crores. Chamera II the increase is 4 crores. So some of the stations are having higher AFC and correspondingly higher incentives where this increase is there.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Got it, got it. Sir lastly on the receivables, you did mention 2300 odd crores. Would you share with us what is greater than 6 months and out of that how much is J&K?
- **MR. BABU – ED, COMMERCIAL**
- Yeah. We are maintaining a record of more than 60 days as outstanding dues. For J&K the outstanding dues pending for more than 60 days is 950 crores excluding surcharge. Surcharge is 102 crs. So including surcharge it is 1052 crs.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- And the total outstanding greater than 2 months would be?
- **MR. BABU – ED, COMMERCIAL**
- Yeah. Total is 1256 crs including surcharge. Excluding surcharge it is 1108 crs.
- **MR. JONAS BHUTTA – BANK OF AMERICA**
- Got it. Thanks a lot and all the very best.
- **MODERATOR**

- Thank you. We have the next question from the line of Abhishek Puri from Deutsche Equities. Please go ahead.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Sir good morning. Can you give us the numbers on regulated equities for the quarter as well as the incentive numbers from secondary energy and UI?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The secondary energy is 108 crores, UI is 57 crores, incentives are 208 crores. The regulated equity is around 9300 crores.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- This includes the project cost of the recent projects that have been commissioned, TLDP III....
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- It includes the cost in respect of the projects which has been incurred, irrespective whether they are pending approval or not. For example the recently commissioned projects, the revised cost is yet to be approved. The figure which we are conveying to you is as per the books. For example the revised cost of the newly commissioned projects is yet to be approved.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- So this is as per the 2006-07 estimates which had been approved.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Rs 9300 crs is the regulated equity figure as per books actual expenditure.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- As the actual expenditure. Understood. Sir one thing on Dhauli Ganga. I think you have given two different figures. One is the business interest loss, the insurance income which is received is the other income, 50 crores roughly. And there is one loss of asset insurance claim which is 35 crores. Has that been routed through P&L or is it directly into balance sheet because this is an expenditure.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- See loss amount received towards the loss of the profit which is 50 crores has been routed to profit and loss account.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Right. And the balance 35 crores?

- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- That is against the capital expenditure. That will be accounted for as and when it is final. And on P&L side we have only taken 50 crores which is towards the loss of profit.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Right ok. And my last question just on the deferred tax amount that you have given this year, this quarter specifically, 84 crores. Is it to do with because of the bunching of commissioning which has been happening? Because this amount....
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- 84 crores what? Kindly repeat.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Of Q3, 84 crores of deferred tax amount that you have provided for.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Mr. Goel kindly....he is talking about the deferred tax.
- **MR. GOEL**
- We will answer your queries through email.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Next please.
- **MODERATOR**
- Thank you. Mr. Abhishek do you have any further questions?
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- I was awaiting an answer for the deferred tax.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Deferred tax we mentioned that we will convey you separately.
- **MR. ABHISHEK PURI – DEUTSCHE EQUITIES**
- Ok, ok, fine sir. Thank you.
- **MODERATOR**

- Thank you. While we take the next question a reminder to all the participants anyone who has a question you may press * and 1. Next question is from the line of Anujay Jain from Emkay Global. Please go ahead.
 - **MR. ANUJAY JAIN – EMKAY GLOBAL**
 - Sir out of this 50 crores in loss of profit which you have booked in quarter how much is related to the current quarter? This is basically pertaining to almost the last 2 quarters.
 - **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
 - Actually this is the amount which we have received on account. On account naturally we have received on cash basis. It is not on the basis of quarter.
 - **MR. ANUJAY JAIN – EMKAY GLOBAL**
 - Ok.
 - **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
 - Actual cash received. Final we will book when the settlement is made. We are going on conservative basis.
 - **MR. ANUJAY JAIN – EMKAY GLOBAL**
 - Ok sir. Secondly sir this J&K receivables, 950 crores which you said, number one is that the income which is there you already recognize it? Or when it is received only then you recognize it?
 - **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
 - Surcharge income is not yet recognized. It will be recognized as and when we receive it.
 - **MR. ANUJAY JAIN – EMKAY GLOBAL**
 - Ok and you had earlier resorted to power supply regulations in case of UP, Bihar. But is that the possibility also in J&K?
 - **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
 - The point is our discussions are on. In case any mutual settlement is not arrived at, the possibility of regulation is not ruled out.
 - **MR. ANUJAY JAIN – EMKAY GLOBAL**
 - Sir in the first place why is it being allowed to increase almost at this level, almost....
 - **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
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- You know that J&K has got a special status as per constitution.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok. So under the power supply regulations you can't cut power supply to J&K? Is that the....
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- No, no you can cut as per the PP agreement.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok. And sir if you can give the breakup of the new projects expansion and revenues. Actually we missed it. If you can again give it.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Can we give it to you separately if you don't mind?
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Alright sir. Lastly you said regulated equities is about 9300 crores that's the current actual expenditure. How much is the approved out of it?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- We are having 17 power stations as on date. Out of which except TLDP III and Uri II, it is in almost all the cases approved.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok 12 out of it is unapproved still.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- It is involved in respect of the projects which are not yet approved. This is already approved in the original cost. I just want to convey that 9300 which is the regulated equity involved it is almost approved except in respect of the two projects where there may be slight disallowance in respect of the cost overrun which is not going to be material.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Which are those two projects? TLDP III and Chamera?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Uri II
- **MR. ANUJAY JAIN – EMKAY GLOBAL**

- Uri II. Ok I'll come back to the queue sir. Thank you very much.
- **MODERATOR**
- Thank you. We have the next question from the line of Deepak Agrawal from Elara Capital. Please go ahead.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Yeah few questions from my side. First if you can tell what is the closing cash balance as on December after this buyback.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- We have roughly 5100.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok. And the sectors in the tax free bonds as well?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Naturally. It is after tax free bonds and payout for buyback.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok. The next question is if I had correctly there is a revised timeline for TLDP IV. Is it July 2015 or July 2014?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- July 2015.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- It is pushed to FY'16.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- So correspondingly what is the change in the estimated capital cost?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The revised estimated capital cost. 2477.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**

- Rs 2477 crs is versus earlier estimate of about 1600 crores.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- CCEA approved cost is 1061 and revised estimated cost is 1600.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Revised estimated cost is 1600.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- This was the similar number given earlier as well when timeline was in 2014. But now the timeline has been pushed for a year. So even the cost remains the same?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The cost will naturally go up but the revised estimates are yet to be reworked out.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok, ok. Fine. My third question is on how do you expect the generation from Dhauli Ganga to revert back to original levels in FY'15?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes once the restoration work is over, we will revert back to original level.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok, ok. And last question is on given the kind of tax rates which we have seen in the first 9 months, what do we expect the tax to be?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Folio is likely to be MAT. But the position will be clear only at the end of the financial year.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok because this quarter the tax has been very high. So this is the fourth quarter the tax will be very, very low.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- The final position as I mentioned, will be clear at the end of the financial year, whether we are under MAT or in normal tax. Presently we are under MAT.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok. And my last question is on just wanted to recheck on this incentive number? The one that you gave is for the 9 months period right?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- 9 months incentive is 208 crores.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- That is on availability. Incentive linked to availability.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Availability only 208.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- And secondary energy is 108.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Secondary is 108.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- And UI is 57.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- UI is 57.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- So this means that if I deduct the first 6 months figure, all the three numbers comes to 22 crores for third quarter.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Same for all of them.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- Yes.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- What is the similar number last year same quarter?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Last year incentives were 176, secondary will be 127, UI 89.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- UI 89. Ok. Thank you.
- **MODERATOR**
- Thank you. We have the next question from the line of Abhineet Anand from Quant Capital. Please go ahead.
- **MR. ABHINEET ANAND – QUANT CAPITAL**
- My first question is generally you gave the adjusted part for the quarter. Can you provide this time?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- You see that operational adjusted issue we have worked out on the basis of the operational leaving aside the other incomes. The operational profit 9 months corresponding period was 1692 as against this current year is 1534.
- **MR. ABHINEET ANAND – QUANT CAPITAL**
- Ok. And my second question is as I understand your 12th plan capex is around 20,000 crores. So what's...for this year what is the capex done and do you still stand by that 20,000 crores capex for the 12th plan?
- **MR. SARKAR – ED, PLANNING**
- As you know there are some delays in clearances. Some clearances are still in pipeline. So we are expecting that this capex plan of 20,000 crores will reduce further. Because Tawang I and Teesta IV clearances is still in pipeline. So it may go around 17,000 crores.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- No, but this will be compensated by the new initiatives which are being taken in thermal and wind and solar.
- **MR. ABHINEET ANAND – QUANT CAPITAL**
- What was the capex done for the first 9 months?

- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- First 9 months it is 2400.
- **MR. ABHINEET ANAND – QUANT CAPITAL**
- Ok thanks that was my questions.
- **MODERATOR**
- Thank you. We have the next follow up question from the line of Vishal Biraia from B&K Securities. Please go ahead.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Sir when you said that you plan to commission Parbati III in March '14, sir do you plan to capitalize all the four units?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The capitalization issue will be decided based on the likely CERC guidelines which are to come up by the end of the financial year. Because we are expecting some issues throughout the capitalization also to come in the CERC regulations.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- CERC regulations you are referring to.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yes. Naturally the capitalization issue will be decided taking into consideration the guidelines for the next 5 years.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. Sir what is the status of the tunneling project? Has the contractor started work there?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- The work for the remaining work has been awarded to.....sorry you are just discussing Parbati III.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Yes sir.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Parbati III is just on the verge of commissioning. There is no issue of tunneling work. What you might be hinting is around Parbati II.

- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Yes sir.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- In the Parbati II the balance work has been awarded to two different parties. One for TBM and the other for DBM. Both the contractors have initiated their mobilization and it is expected to start the work shortly in this month itself.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. When do you plan to commission Dhauli Ganga? I mean any timelines that you can give?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- As mentioned in the opening remarks that our efforts are to restart by the end of this March. But in case of any minor delay it may slip to early April.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. And sir regarding the IFFCO project, sir could you help us understand what is the current status of the project?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Mr. Rajkumar will be giving you update.
- **MR. RAJKUMAR – NHPC, BUSINESS DEVELOPMENT**
- We are expecting the PIB will be under circulation later this week.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. And sir what will be the amount that NHPC will be investing?
- **MR. RAJKUMAR – NHPC, BUSINESS DEVELOPMENT**
- Well this is going to be in phases in 5 years time. So 74% equity we're going to take there.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- 24% equity.
- **MR. RAJKUMAR – NHPC, BUSINESS DEVELOPMENT**
- 74%
- **MR. VISHAL BIRAIA – B&K SECURITIES**

- 74%.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Total cost of the project is estimated to be 9000 crores. It will be 30-70. 2700 crores is the equity requirement. Out of this 2074, roughly 74% will be our contribution.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. And the project has got all the clearances in terms of construction?
- **MR. RAJKUMAR – NHPC, BUSINESS DEVELOPMENT**
- Yeah that's right. It has all the clearances.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok, and does it have a coal linkage also?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Very right. Coal linkage also is there. Tara Coal block is associated with that project.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Right sir, right sir. So Tara is yet to get the clearance right sir.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- No Tara is already....Tara the one which has been allocated to Chhattisgarh Mineral Development Corporation, they have all the clearances in place.
- **MR. VISHAL BIRAIA – B&K SECURITIES**
- Ok. Right. Thank you very much sir.
- **MODERATOR**
- Thank you. We have the next follow up question from the line of Anujay Jain from Emkay Global. Please go ahead.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Sir my question is regarding one sir the accounting treatment. You said that this approval should come in sometime. Hypothetically assuming that this approval doesn't come, then what happens to the expenses or capital cost incurred at Subansiri.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- Hypothetically there can be only two situations.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- With respect to your observation, either you say that in case the decision comes negative, they can ask two options hypothetically. One is to charge to the profit and loss account, and another to carry the qualifications. The call will be taken at the appropriate time.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok. Just to understand sir, charge to profit and loss account means one time charge or it will be a portioned charge?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- It will be done based on the accounting guidelines. In such situations there is a provision to charge in the deferred period also in 2-5 years as per accounting AS16.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Ok, ok. And secondly sir this Parbati III capitalization which you said, the design energy was reduced by CERC sometime back. So under the new regulations it doesn't stand as it is if let's say starting FY'15?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Parbati III as you recall we said just 2 minutes back, we will take call on capitalization issue after the final guidelines for next 5 years are issued by the CERC which is expected in this month only.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**
- Yes. Sir basically what I wanted to understand is that earlier you went to CERC and design energy for this project was reduced to take care of the lower generation.
- **MR. BABU – ED, COMMERCIAL**
- See the revision is not by CERC. It is reviewed by CEA. CEA has already reduced this energy to the further level. So now we have filed the petition with CERC after the energy is revised by CEA. Not CERC. So CEA has already done it.
- **MR. ANUJAY JAIN – EMKAY GLOBAL**

- Ok. Alright sir thank you very much.
- **MR. BABU – ED, COMMERCIAL**
- Ok.
- **MODERATOR**
- Thank you. We have the next follow up question from the line of Deepak Agrawal from Elara Capital. Please go ahead.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Sir last question is on this UMPP bidding. How do you see the bidding process going on and what's your....would you consider the offer of a very serious bidder given the kind of environment in which we are operating for coal thermal plants?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Yeah. Yesterday we had a pre-bid conference in which all the bidders were there. And we are quite serious about UMPP and we are working towards you know....we have all efforts to get the projects.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok. So is the timeline continuing same as earlier?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Well as of now the timelines declared yesterday, they had given some indication of time extension. But final verdict is yet to come out.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok. Because I believe there was some discussion still to happen on the transfer pricing of the coal which was decided in like 35 paisa in the RFQ and later pulled back.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- That is right. It is under processing at the moment. Besides this there are couple of other issues also which has been raised by all the bidders. So all these things have to be taken a view. I think it is going to take about say 7-10 days. And once the reply to our pre-bid queries are communicated by PFC, then we will have a final picture as to what time extension and other things are coming up.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- But most likely it will spill over to next year first quarter instead of February.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

- What do you mean?
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- The final declaration of the winning bidder will spill over to the next year?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Let the schedule come. Let the schedule come because then only we will be able to say something correctly.
- **MR. DEEPAK AGRAWAL – ELARA CAPITAL**
- Ok fine thank you.
- **MODERATOR**
- Thank you. Ladies and gentlemen we will now take the last two questions. Next question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- **MR. MOHIT KUMAR – IDFC SECURITIES**
- Sir thanks for the opportunity. Sir what is the kind of capex which is likely to incur on the wind and solar over the next couple of years?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- As mentioned earlier that our 5 year plan is 20,000. And we are making all efforts to maintain it.
- **MR. MOHIT KUMAR – IDFC SECURITIES**
- But have you fixed any cap expenditure for the next 12 months on the wind and solar?
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Solar and?
- **MR. MOHIT KUMAR – IDFC SECURITIES**
- Wind.
- **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**
- Any expected expenditure in the next 12 months on solar and wind.
- Yeah I think solar we will be able to...we are expecting about 80% expenditure will be done in 2015. By March we will be getting to know. It will be coming to approximately 500.

– **MR. MOHIT KUMAR – IDFC SECURITIES**

– And what kind of....can you just elaborate on the kind of PPA we have for the wind and solar. Is it regulated tariff or....

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

– We are in fact in active dialogues with the state government, UPTCL. And they are basically buffering the PPA which we have proposed on cost plus regime, to the government of UP for necessary assistance.

– **MR. MOHIT KUMAR – IDFC SECURITIES**

– Single power tariff or?

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

– It will be basically on CERC norms.

– **MR. MOHIT KUMAR – IDFC SECURITIES**

– Ok, and apart from that do we have any PPA for the IFFCO project which you are talking about?

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

– Yeah Government of Chhattisgarh had agreed to buy power.

– **MR. MOHIT KUMAR – IDFC SECURITIES**

– Ok sir that's it. Thank you.

– **MODERATOR**

– Thank you. We have the last question from the line of Abhishek Bansal from Credit Suisse. Please go ahead.

– **MR. ABHISHEK BANSAL – CREDIT SUISSE**

– Hi sir. Sir can you give us the adjusted PAT number for third quarter of FY'14 as well. I think the third quarter FY'13 adjusted PAT is Rs. 285 crores.

– **MR. A.B.L. SHRIVASTAV – NHPC, DIRECTOR FINANCE**

– We had worked out for the 9 month basis. For this quarter Mr. Goel will revert back to you.

– **MR. ABHISHEK BANSAL – CREDIT SUISSE**

– Sure sir thank you.

– **MODERATOR**

- Thank you. I now hand over the floor back to Ms. Rupa Shah for closing comments. Thank you and over to you ma'am.

– **MS. RUPA SHAH – PRABHUDAS LILLADHER PVT. LTD.**

- Yeah thanks Shyama. I would like to thank the management of NHPC and all the participants for today's call. Thanks and have a nice day.

– **NHPC MANAGEMENT**

- Thank you all.

– **MODERATOR**

- Thank you. Ladies and gentlemen on behalf of Prabhudas Lilladher Pvt. Ltd that concludes this conference call. Thank you for joining us. You may now....