



“NHPC Limited Q4 & FY2013-14 Results
Conference Call”

June 4, 2014



**MANAGEMENT: SHRI A.B.L. SRIVASTAVA – DIRECTOR, FINANCE
SHRI D. P. BHARGAVA – DIRECTOR, TECHNICAL
SHRI R. S. MINA – DIRECTOR, PERSONNEL
SHRI JAYANT KUMAR – EXECUTIVE DIRECTOR, FINANCE
SHRI R. P. GOYAL – CHIEF, FINANCE**



*NHPC Limited
June 4, 2014*

Moderator

Ladies and gentlemen, a very warm welcome to all of you. I am Unaiza Sheikh from Concept Public Relations and we welcome you all to the investor conference of NHPC to announce the company's Q4 and FY2013-14 results and apprise on the ongoing activities of the company. The dignitaries on the dais present today are Shri ABL Srivastava – Director, Finance; Shri D. P. Bhargava – Director, Technical; Shri R. S. Mina – Director, Personnel; Shri Jayant Kumar – Executive Director – Finance; and Shri R. P. Goyal – Chief, Finance. Now Shri ABL Srivastava will give his opening remarks followed by the presentation by Shri Jayant Kumar, Executive Director Finance.

ABL Srivastava

Good afternoon friends. First of all I welcome you all on this gathering. As you are aware that since last four years i.e from FY10-11, we had been doing annual analyst meet post annual results. This is in that series. We declared our results on 30th May, 2014. We were initially planning to have this meet the very next day but since in respect of the Subansiri project, a high level meeting was scheduled on 2nd of June at Guwahati and where our senior management was involved along with the team of government of India and others. We thought that it would be better to give the focus there rather than dividing our team to Bombay and Guwahati. That is the reason we are here after three days. Details about the Subansiri meeting, what are the developments, whatever are the breakthroughs will be shared in detail by our friend D. P. Bhargava who was there leading the delegation from the NHPC side. Just to give the brief highlights, I may say that year 13-14 has been mixed year. As far as capacity addition is concerned we have been able to complete some delayed ongoing projects that is TLDP-III, Nimoo Bazgo, Uri-II and three units of Parbati-III. Four projects by and large having a capacity of 807 megawatts but unfortunately on the generation side our generation has been 18386 million units which is 2.7% lower than the previous year. There have been two three major reasons for this. One as you know that because of heavy floods and cloud burst in Uttarakhand, one of our projects i.e. Dhauliganga has stopped working from the middle of the June. This has led to loss of about 800 million units. I have pleasure to inform you that the project which was almost closed, where there was heavy damage, has been restored. Two units have already been started. The remaining two are expected within fortnight. On the sales side, there has been an increase of 6% from 5049 to 5335 but the major area of the concern has been the profit, which has substantially gone down. It has gone down to 980 crores only as against 2348 crores for previous year. The major reason has been as you are aware that our Subansiri project is closed since December 11 and the borrowing cost and administrative expenses against which the auditors have made qualification last year and the qualification was continuing. We opted that let our accounts be clean. We will not have any qualification and will provide for. So the impact of roughly 1000 crores is because of the Subansiri and TLDP-IV project where the work is slow from March 13. But we have made a point that these transactions will be made only for the accounting purpose and as far as cost is concerned while fixing the tariff we will definitely try to address and present before the CERC and the authority that this cost should be treated as a cost of project for the purpose of tariff and these are the debits which you will have taken for the purpose of accounting entry only. Only the time will tell that how much we succeed in future in convincing the appropriate authorities for the cost of these amounts. Another reason for the less profit has been the capacity additions



*NHPC Limited
June 4, 2014*

which have been made in the second part of the financial year. You know that in the hydro second half is normally a lean period. While the cost has to be shared on time basis, expenditure is not on the time basis. Therefore the benefit of this capacity addition will be available in the current year only. In 2013-14 we have got capacity addition in physical terms but financial benefit will be available from the current year itself. Because of the less inflow of the water some of the generation has been affected and in due course the most of the discoms have also become intelligent to save their cost and have started better planning about the withdrawal of the power which has resulted into lower secondary energy and UI incomes. Another area of the concern has been which you people have always been asking is the debtors' position. The position of the debtors has slightly improved but is still not comfortable in respect of few states. Major defaulter continues to be J&K where almost more than 80% of the default outstanding is ours. I am coming to this business addition, the detailed presentation will cover it but just to give the brief that we have made a beginning in thermal as mentioned in the last year. This year we have done beginning in solar and wind also. Details will be covered in the presentation and in subsequent queries which you will like to make. One positive thing which I will definitely like to share for current year is that last year as I mentioned that there has been a generation loss of 3% lower but in the current year for the first two months, I can say that in 12-13 generation was 3900 million units as against that in the first two months current year it is 4700 million units meaning thereby more than 22% of the corresponding period. The first two months generation of the current year is almost 22% higher than the previous year. So that supports the statement which I had given that benefit of the capacity addition will come in the current year. We are hopeful that as against 18,386 mn units generation of 2013-14 we will definitely cross touchwood more than 21,000 mn units in the current year if this trend continues. And one more question which you will definitely be having in your mind is about the dividend because in the accounts which you are seeing, we have been silent on the dividend which is not because of the financial position. Our financial is strong. We have a cash balance of Rs. 5000 crores and have a sufficient cash surplus for declaring the dividend which you will be making. There was only one technical reason which I can share with you that unfortunately in the accounts adoption board meeting three important members one of whose presence is mandatory as per DPE guidelines, although there was no quorum issue, but there are department of public enterprises guidelines which provides that investment decision, major cap decisions, capital restructuring etc. should be done only when at least one of the government nominees is available. Unfortunately none of the 3 government nominees namely CMD and 2 others were available on the board. Therefore the board has to reluctantly not take decision on the issue of the dividend. We will come back and I can assure the house that dividend will be declared whatever is decided. There is no issue on the finance side, no question of worry. It is only because of the technical reasons that we have not been able to declare dividend on that day. Now I invite Mr. Jayant Kumar to give the presentations. Thereafter I and both of my colleagues will be giving you the detail explanations or supplementary information in respect of all the area, whether it is a business development, whether it is a project, whether it is a Subansiri or any financial issues. Thank you once again.



*NHPC Limited
June 4, 2014*

Jayant Kumar

I welcome all our esteemed analysts here. See this is the occasion where we talk to each other. Our management is also present here and we will tell about the company, our plans, what has happened last year, what are the work going on. So for 2013-14 also we will give a presentation. It is a corporate presentation, very small one but very well knit. If you see NHPC today we have got 18 numbers of ongoing projects with an installed capacity of 4,987 MW. Besides that we have got our subsidiary NHDC. There also we have got two number of projects having installed capacity of 1520 MW. Our total operational capacity today is 6507 MW. We have got 20 projects ongoing having 6507 MW and basically in the hydro space about 16.5% contributions is ours. The total 40531 MW is the hydropower installed capacity in the country and NHPC has got 16% of the installed capacity. We have four projects under construction with installed capacity of 3290 MW and 9 projects having installed capacity of 7300 MW is awaiting clearances and four number projects are in pipeline. We are doing survey investigation, DPR preparation etc. So a total 19218 MW is the projects we are owing today. Let us see especially how does the project awaiting clearance and pipeline projects materialize. This year we have added four projects in our ongoing projects list, having 807 MW capacity, which sir has just said. On the generation side we contribute around 18 bn unit, as far as country's total generation capacity is concerned. In 2013-14 the total generation in the country was 967 bn unit, out of that hydro was 135 bn unit and we contributed 18 bn unit out of the hydro generation. Taking our subsidiary i.e. NHDC, our contribution is around 22 bn units. NHPC's standalone contribution was 18,386 mn units. Regarding financial highlight sir has just explained to you our profit has gone down to 979 crores, vis-à-vis the earlier profit of Rs. 2348 crores, a drop of 58%. Basically the basic reason of this has been the provisioning of borrowing cost and administrative expenditure pertaining to Subansiri Lower and TLDP projects. We have been compelled to account for the provisions under accounting standards. Last year also auditors have raised this query and we have taken the qualification and we have gone to different institutions, we have gone to ICAI, we have gone to Accounting Board, we have approached MCA, we have approached Ministry of Power, so every quarter we have fought our case, but ultimately the EAC of Institute of Chartered Accountants of India, they have given their opinion that this expenditure has to be provided and so to have a clean balance sheet as sir has explained to you we have to take this provision. Had this not been there then our profit should have been about 1978 crores. So this has got impact of 50% in our profit. Otherwise if you see our operating profit, our EBITDA is about 3816 crores. It is 71% of the sales. So far EBITDA and operating profit is concerned we are maintaining our past trend. Earlier also we used to have EBITDA of 75%, 77%. So this year also we have maintained that thing. But of course our net profit margin has gone down because of the provisioning in Subansiri and TLDP. This is just a reconciliation which we have made. We are showing the factors which have affected our profit. Our net decrease in profit has been 1369 crores and you must be seeing one item 1327 crores. So this is very clear. The major portion of this deduction has come from the provisioning of Subansiri Lower and TLDP IV. Balance are small-small things but major thing has come from decrease due to charging of expenditure, interruption of work in Subansiri Lower and TLDP IV. See these are the financial data. Normally we find that our analyst friends are asking data regarding, incentive, regulated equity, other things. So we have compiled this thing for their benefit. This presentation will be

available at our website by tomorrow so that you can download it from there. In Secondary Energy, UI incentive, about 15% drop is there this year. The secondary energy is less because the total generation is less. Then UI charge also as sir has said that discoms have become smart nowadays. So there also there is some decrease. In Incentives a little bit of increase is there. So we have tabulated here the reasons regarding this decrease in profitability. First is that interruption of construction activity. We have got the impact of 1268 crores because of this Subansiri and TLDP IV. We have given a breakup how much borrowing cost is there, how much administration cost is there. This is all for the purpose of analysts who can use this data. Then there has been shut down of Dhauliganga which has affected the PBT by about 100 crores. Then decrease in secondary energy incentive, decrease in generation, but major impact is certainly on account of the borrowing cost and administrative expenses of Subansiri Lower and TLDP IV projects, which have been delayed. This is the debtors' position we have given. Our debtor on 31st March, 2014 is Rs. 2272 crores. You see our debtor's position has improved vis-à-vis the last year. Last year our debtor was Rs. 3252 crores whereas this year it has come down to Rs. 2272 crores. And if go down the table we see that the debtors less than 60 days are 853 crores and more than 60 days are 985 crores. This breakup position is there. In the top five beneficiaries' wise debtors, J&K is having a place of pride with debts amounting to 1064 crores and more than 60 days amounting to 870 crores. This year we have added four projects which were delayed. They have been commissioned this year. CWIP has been converted into the gross block. So you see in the year 2011 we have got 15,962 crores CWIP whereas today we have got 14,657 crores. So this shows that our regulated equity will start earning, we were telling earlier also when this point was raised that our conversion of CWIP was very slow. So this year that is why we put this slide that CWIP is reducing. This shows the regulated equity. We have got a total regulated equity of 9848 crores. So now there are certain other business development initiatives we have taken. In the renewable area we are very much active. We have signed some MoUs for wind power as well as solar power. For wind we have signed MoU with the Government of Kerala to develop capacity of 82 MW in Palakkad district of Kerala on boot basis. CVET has been asked for preparation of DPR of this project. Even NIT for domestic competitive bidding for exploring option for setting up 50 MW has been floated. We have already opened an office also at the site. So we are actively developing these projects. In solar also we have signed a MoU with the Government of Uttar Pradesh for 50 MW power. So that UP Non-Energy Department will provide about 270 acre of land and up to maximum of 26% equity. We have signed an agreement for developing solar power with Kerala State Government also. Thermal it is also important. We are diversifying ourselves. In Chhattisgarh we have signed a MoU with IFFCO and Chhattisgarh Power Development Corporation for developing 1320 MW Salka Thermal Power Project. This project has got a benefit. It has already got a dedicated coal mine and this entire 100% power will be purchased by CSEB and most interesting thing is that already PIB note for this project has been moved. So even in our MoU also we have got some MoU target for doing something in the year. So we are very hopeful that this year some positive development will come in this thermal power project. We signed a MoU with the Bihar Government also, Bihar State Power Generation Corporation to develop 1320 MW power in Pirpainti. It is in the district Bhagalpur, south Bihar side. Their coal block has been allotted along with six state governments. That has



*NHPC Limited
June 4, 2014*

been developed as a JVC. PPA has been signed. Some initial work is being done but these two are the major things – Chhattisgarh Power Plant and Pimpri Power Plant. These are diversification side; these are the good development side. Now let us come to the financial ratios, certainly because of the profit going down our EPS has gone down. But see these ratios we have got considering our price on 31st March, 2014. At that day it was 19.10 but today I think it is somewhere 25.70. If we consider today's price our PB ratio will be not 0.8 but it will be 1.08 and even the PE will also improve, it will go to 31%. Our market capitalization will also go up by 28,000 crores whereas these are March figures. Still our debt equity is very good, 0.7. So now we are coming to end of this presentation. I have just given the brief of whatever projects we are running. These are the 18 operational projects as I have told initially. And this includes the four projects which we have added this year, TLDP III, Nimoo Bazgo, Uri-II and Parbati-III. By adding these four projects around 1900 crores regulated equity has come to the earnings. Earlier it was a work in progress but now it will start earning. Our subsidiary NHDC has also given a good profit this year. They have given a profit of about 1000 crores plus. These are the projects under construction, TLDP IV, Subansiri, Parbati, Kishanganga. We have already made an expenditure of around 16,000 crore on these projects. These are the projects under clearances. Kotli Bhel, Teesta IV, Dibang, Tawang I, Tawang II – five projects having 5115 MW capacity – at different stages of clearances by government. We are hopeful that after the coming of new government some projects will see light of the day. Similarly these projects are also under clearance. These three projects are being done under joint venture with Chenab Valley Power Corporation, out of that in Pakal Dul project PIB proposal has been agreed in principle, similarly this Loktak Downstream that is our subsidiary. There also the updated DPR and cost estimate is under scrutiny in CEA. This project is being developed in Manipur, Imphal with 66 MW installed capacity. These are the projects where we are preparing this DPR and it is at the very initial survey and investigation stage. Bursar, Dhauliganga, Intermediate, Gori Ganga III having 1350 MW capacity and Chamkharchhu project with 770 MW capacity. Already MoU has been signed between the Government of India and Government of Bhutan for making different-different companies for constructing projects. We have also been allotted one project in Chamkharchhu. So thank you. This was all.

ABL Srivastava

One more thing before I request our Director Technical, Sh. Bhargav to give a brief about Subansiri. The area of the contingent liability has been matter of concern and there was always a point that whatever the contingent liabilities we are showing, how much is the likely outflow. The first time we have made a detailed exercise to assess that what can be the likely outflow against those contingent liabilities. And based on the management assessment whatever the provisioning was required the same has already been accounted for in the books. That is one major improvement over the previous years which we have done. Secondly as you are aware that NHPC is the only public sector unit in the country which has done its buyback. No other public sector in the country has done it. We are the first in that. Two things which I forgot to mention in the opening remarks, the MCA opinion incidentally is also not in favor that is why we have been forced to make a provisioning for Subansiri and TLDP IV. Had it been only the auditor's issue, we could have fought. But the Ministry of the Corporate Affairs has also not agreed. The reason being that whatever has been recorded in the detailed minutes



*NHPC Limited
June 4, 2014*

and the reasoning which they have given to us is that if they relax in one project it may be misused by others. That is the basic logic. They appreciated our problem but the reasoning is that once they make a relaxation in the rules or standards then they will not be in a position to deny it to anybody. And it may be used by anybody. So that was the basic reason for denial by the Ministry of the Corporate Affairs and incidentally we received that decision on 28th May. Then we thought that let us take the hit and be clean on the issue. Now we will request Sh. Bhargav to just give update about Subansiri and any other technical issues which he will like to supplement to us.

D. P. Bhargava

Very good evening to all of you. First let me tell about Subansiri project because we have taken a hit of more than 1000 crores on this project. The project was stopped in December 2011 because of some agitation in Assam and their main cause was that the project dam is unsafe so to satisfy them NHPC requested Government of India to form an independent committee to review the design of the project. So, Ministry of Power constituted a committee headed by Chairman – Center Water Commission having member from Geological Survey of India, CWPRS Pune, CSMRS, IIT Roorkee and we were also the member of that committee. So, this dam design review panel suggested some changes should be made in the design of the dam to make it much more safer, we agreed that okay our design is safe but to satisfy the agitation we agreed for the change of the design and that design we submitted to Government of Assam and Chairman Center Water Commission and the whole dam design review panel said that the dam is very, very safe. But unfortunately on the Assam Government's request we have made an expert panel comprising of some professor from Guwahati University, Dibrugarh University, and IIT Roorkee. So, government said that you have to satisfy this expert group only then we will be convinced that yes the dam is safe though we told that Central Water Commission is the highest body in the country and all dam designs are weighted by Center Water Commission and if they are saying that the dam is safe then everybody should agree that the dam is safe. So, we held meeting on 2nd June, just two days before with the expert group and we were able to more or less satisfy them but they are under you can say because of fear of some militant groups they cannot say, so then we met Chief Secretary Assam Government and he said that now okay you should go to the public directly and tell everything about the dam. And he advised us that you organize a seminar, a large scale seminar because public is to be educated that the dam is safe because this is the first high dam in Northeast so once construction of this dam starts then other project will also start. So, we agreed with the suggestion of Assam government and next month we will organize a large scale seminar where we will invite all stakeholder expert group, all agitators, whosoever are opposing the construction of the dam. And we will also invite expert from Tehri Hydro Development Corporation, Bhakra and tell them that these all dam are safe and no dam has failed in the country because the design is rated by Central Water Commission which is a neutral body which is not under control of even Ministry of Power. So, we hope that after we hold this seminar then government of Assam has told that we are with you and after you hold this seminar we will provide you all the support to start the project so hopefully after this seminar we should be able to move forward and this year we should be able to start the construction say after monsoon. In monsoon, in anyway the work is slow because of monsoon

because we are working in the river, so hopefully say by October we should be able to start the project and regarding this provisioning which we have made I think it should not have been made because we are a cost plus regime and we are governed by the Central Electricity Regulatory Commission tariff order and they have in their notification it is there that events beyond the control of the power developer that cost will be included in the cost of the project so we should get this cost included. So, I think when we are able to start this project next year this provisioning will not be required and we will be able to convince auditors that see now the project has started and as per the tariff notification of CERC this is beyond the control of the power developer so this cost we will get in the tariff so this hit which we have taken that should be reversed. This year somehow a combination of many things reduced our generation and reduced our profit and which should not occur this year because this year we have seen that the generation is already more than 4,600 million unit in two months itself which is around 400 million unit more. There were so many factors, one factor was that the new projects were commissioned say in the last quarter of the year and our more than two-third or 70% generation happens in the first two quarters, there from up to September our most of the 70% or the two-third generation happens there, so because of that though these projects were supposed to come in June but they came in the last quarter. So, because of late commissioning of the projects we lost around 1300 million units, now since the projects are commissioned so this year that 1300 million unit more generation will be there. On the top of that Dhauliganga Project got flooded and because of flooding of Dhauliganga Project we lost 838 million unit that additional generation we should get. This year our two machines are commissioned, one machine has been spun and it will also be commissioned by say next one week, and another machine will be commissioned by 16th June our target is that by 16th June but any case now the water is only for less than two machines. So, this year we are not suffering any generation loss in Dhauliganga Project so that 838 million unit will be added to this year whatever we have generated and there were some shutdown in three – four power stations which will not be there and now I think this type of shutdown will not be required. There were shutdowns in Tanakpur because of that high flood so this year now we have made concrete wall and now that type of damage will not occur that we are forced to do and make the shutdown. So, with all these factors we should be able to generate at least 3,000 million unit more than this year. So, this year we have generated 18,386 something so next year we will be 21,000 plus definitely and we hope that we will be around 21,500 million units next year. That's all.

Management

Floor is open for questions, please one by one. Give mike.

Deepak Agrawal

This is Deepak Agrawal from Elara Capital. Couple of questions. Can you give some idea on the CAPEX plan for this year and next year for renewables especially wind and solar which can come pretty fast so how much has been allocated for that? And secondly, what is the MOU target that you have signed with the government for FY15 in terms of generation top line and all so and then I will follow with this thing.

Management

We are expecting to incur capital expenditure of roughly 500 crores this year and similar amount in the next year in the renewable. Renewable we mean here is wind, solar although



*NHPC Limited
June 4, 2014*

hydro is also renewable, I am talking of wind and solar and as regards generation target is concerned it is 21,124 very good target and 21,818 is excellent number.

Deepak Agrawal

You said the parent company standalone level.

Management

We are talking of the standalone, we said in the beginning that we are likely to generate 21,000 million units this year.

Deepak Agrawal

Third question is to Mr. Bhargava, this is a very positive development that we have seen in Subansiri. So, let's assume we are able to start from October onwards so how do you think it will plan out over the next three – four years, how confident are you that in terms of its commissioning timelines.

D.P. Bhargava

Yes if we are able to start in October within next three – four years we will add these 2000 megawatt.

Deepak Agrawal

Just last thing, can you discuss the progress on the other three projects which are under construction, Kishanganga-

D.P. Bhargava

Kishanganga will be commissioned by October 2016, in this the most difficult part which is in any hydroelectric project is tunnel, and in this project the tunnel has been completed before time so that uncertainty of any geological risk or geological surprises are over because this tunnel we have completed. The total tunnel is around 23 kilometer, out of that from TBM it was 14.75 kilometer so that has been completed, so that means all geological uncertainties are over, now only it is the dam part and the power house which is under progress so because there is no uncertainty in these structures so we will commission the project by October 2016.

Deepak Agrawal

And what about Parbati-II?

D.P. Bhargava

Yes the HRT work was awarded last year because the earlier contractor was not performing so we terminated that contract and we have awarded to new contractor and it will take four years say by end 2017 we should be able to commission this project because the contract was for some 52 months so that means by December 2017 we should be able to commission this project.

You can assume that from today around four years both projects should be commissioned, by March '18 both projects should be, because few months i.e. two months – four months delay in hydro is very natural.

Girish Nair

This is Girish Nair from BNP Paribas. I just wanted to first know what is the run rate for expenses related to Subansiri and Teesta-IV that this you will have to record going forward also right. Is my understanding correct that you will need to record the administrative and interest expenses going forward?



- Management** No, the point is that we are expecting that we should be able to restart the work by September – October and definitely once the work is started we will convince auditors not to insist for the provisioning up to September.
- Girish Nair** So, you can actually reverse what you have done right now if the work starts?
- Management** Yes, the point about reversing will come only when this cost is approved by the competent authority because auditors, there is no clarity on the AS, whether this expenditure can be reversed because ours is a cost plus regime the AS accounting standard doesn't take care of those things this is our peculiar situation. Now, what we are reasonably hopeful that once the competent authority who is the CERC for the purpose of the determining the capital cost for the tariff purposes then we should be able to reverse it. Now, there can be two situations, either we will be able to reverse it and get the income in that particular year or our value in the books will be lower while cost for the purpose of the return will be higher. If the second option is there then the benefit will be available in the next 35 years. For example, book value is say 10,000 crores while for the purpose of the tariff is 12,000crores there can be two situations, either we will be allowed to add 2000 crores by way of reversal or we may be getting the return on 12,000 then this can be two possibilities at that stage. And everything will depend on how we are able to convince the CERC that this was beyond our control and should be agreed for the purpose of the tariff.
- Girish Nair** So, supposing in the worst case you are not able to start the work by September like you have mentioned, then we should be having a run rate right an annual run rate of interest expenses and should we assume that in the worst case?
- Management** The point is in case we are not in a position to restart in the worst scenario, then naturally we will have to provide in the current year also that will be roughly 500 to 600 crores, this year it is a cumulative effect, from December-
- Girish Nair** Yes, we need to remove the effect of the last year and we should –
- Management** This year is it up to September, from December 11 to March '14.
- Girish Nair** And second question is now if the CERC considers all the cost escalations, will there be a scenario where the final tariff determined so high that the consumer start saying oh it's too high unaffordable or something.
- Management** The point is, I mean I am coming to that point. The original tariff of this project was Rs.2.40 like that, I mean it was less than Rs.2.5. In case the cost goes double for example which is likely to be because of new delay as well as some additional works which we have agreed for doing then it will be roughly Rs.5 and Rs.5.5, so even that Rs.5 and Rs.5.50 is not an unaffordable cost under present scenario in 2018.



- Girish Nair** And last question is the expenses that you recorded on Subansiri and TLDP IV are these actually cash expenses I mean did you payout the interest?
- Management** No it is cash expenses.
- Girish Nair** These are cash expenses.
- Management** These are cash outflow.
- Girish Nair** Sure and finally, the CWIP and the gross block number that you gave was for consolidated or standalone.
- Management** It is standalone.
- Girish Nair** Can you give that number for consolidated if you can?
- Management** As far as consolidated is concerned there is no additional CWIP, in subsidiary at present no project is in construction stage?
- Girish Nair** And gross block?
- Management** Gross block, just give Mr. Goel.
- R.P. Goel** Rs. 35,000 crs.
- Participant** Regarding your J&K dues you said above 60 days is somewhere around 880 crores or something so how many days exact the aging is, whether it is five years, two years or three years?
- Management** No, it is less than one year, part of this is above 180 days also but it is less than one year.
- Participant** Less than one year. And what are the chances of recovering the full amount?
- Management** No, we will recover the full amount there is no question, the only thing is of the timing and we have reached a stage where we may go for regulation within few days, within this month.
- Participant** So, any timeframe of recovering the full amount?
- Management** The point is that we will go for regulation, regulation meaning thereby we will cut their power and sell that power to others and definitely worst that situation comes there will be hue and cry. They will have to and there are the agreements there, we may have to go for litigation in the worst scenario.
- Participant** So, what timeline you are talking about, say one month, 15 days?



- Management** In one month's time we are going for regulation, we are already in process.
- Management** Because before going for such a drastic step we have to cross all step by step, right and definitely everybody knows that peculiar situation of J&K.
- Participant** You said something about that you will declare dividend what would be the dividend amount?
- Management** It is only the board that can take a call.
- Participant** But approximately-
- Management** I can't say.
- Participant** -Most of our capacity is again coming into J&K state so why is that the management taking that decision because we have been persistently having large debtors and working capital is getting blocked over there?
- Management** No, as of now there is only one project that is Kishanganga Project which is under construction and the other projects which there is a JV project in which the 49% is of the state government also. Learning by the experience only we have decided to go for the joint venture mode. New projects are in joint venture mode.
- Participant** And in terms of the various projects that are still under a clearance stage, in the new government if things speed up then what is your call like is there any estimate at what stage and how fast or is there any understanding on that?
- Management** The point is let us hope for the best, everybody is hopeful, that good days are going to come or already came. There are four projects which are in very advanced stage, up clearances that is Kotlibhel, then Tawang-I, Tawang-II and Teesta-IV. As per the optimistic scenario we are hopeful that we should be able to start all the four projects in the year's time and first should be the Kotlibhel because you know that the Uttarakhand Project matters are being handled at the Supreme Court level, there were 24 projects which were given to that committee constituted by the Supreme Court for examination and that committee has cleared only this project Kotlibhel one, the remaining 23 projects they have given negative opinion, so we are hopeful that at least this project in which they have given a positive opinion Supreme Court will be kind enough to allow to us to go ahead and therefore we are expecting that since all the clearances are in place except this Supreme Court issue that should be the first one to start and in Tawang-I – Tawang-II and Teesta-IV also the clearances are in the last phase and if with the change in the government, the clearances are expedited we should be able to start the work within 12 months. In addition Chhattisgarh project should also be able to start in year's time and should be able to complete within less than five years.



- Abhishek** Abhishek here from JM Financial. If I am not wrong I have seen that in Chutak the regulated equity was some 200 crores versus the gross CAPEX of 900 crores so what's the policy there, have we underinvested in the project or it's on the approved cost basis?
- Management** No, we have invested 30%.
- Abhishek** So, 30% is 270 crores.
- Management** No, 900 in crores certain amount which is yet to be incurred for example there are unpaid liabilities which normally we pay after one year's time warranty and etc so our ratio of 30 – 70 is there.
- Abhishek** In all the projects?
- Management** In all the projects.
- Abhishek** Secondly in terms of Parbati-III and Parbati-II how many units are expected to be operational although we are commissioning all the units but because of the dependency on Parbati-II how many of the units will be operational till the time Parbati-II gets commissioned?
- Management** The design energy of the Parbati-III Project without Parbati-II project has been revised to 700 million units. With Parbati-II it will be something around 1975 million units so these 700 million units being that revised designed energy we should be able to recover our all AFC.
- Abhishek** So that means no under recovery on depreciation or anything because our design energy or we are operating at less than 50% of the capacity?
- Management** Yes, so PAF has also been kept low by Central Electricity Authority so we have to operate with lesser capacity and lesser generation target but we will get the full amount of annual fixed charges.
- Management** For the time being till the Parbati-II comes the tariff of Parbati-III will be higher. The tariff cost which was likely to be divided into 1970 million units will now be divided into around 700 something 800 units, so that is the special dispensation which we have been able to get from the CEA , means once the design energy has been reduced, so all the parameters will depend on that design energy. Had it not been there, the definitely would have been in that project.
- Abhishek** What will be the rough tariff of Parbati-III during the interim?
- Management** The tariff is Rs.6.36 as of now.



- Abhishek** Finally, as I saw that in incentives in fourth quarter your secondary energy was in negative, have we booked more in rather first three quarters or why is that the case, why is secondary energy negative in the fourth quarter? Secondary energy incentives.
- Management** Secondary energy cannot be negative, UI can be negative.
- Abhishek** I think I saw the negative figure of some 15 crores.
- Management** Actually, during first three quarters billing were done on the basis of actual generation where we might have experience higher generation than the design energy so in first three quarters we had billed on the basis of actual generation but subsequently for the full year when final billing was done the secondary energy was adjusted towards the original tariff and original AFC of these power stations, so adjustments is there during the fourth quarter.
- Management** Because in fourth quarter some projects were under major shut down, so since the first design energy will be paid only then secondary energy will be paid so where we have built for secondary energy that was adjusted towards the deficit in design energy so that's why the secondary energy will be negative.
- Abhishek** Just to remind us that you bill secondary energy on monthly basis is that correct, secondary as well as availability base incentives on monthly basis?
- Management** Yes.
- Participant** Just wanted to clarify the UI and incentive number that you have given that is again for standalone or consolidated?
- Management** Standalone.
- Participant** Can you give that for consol as well?
- Management** We will mail you.
- Participant** Sure. And secondly in the other current liabilities can you give us what is the current portion of long term debt there?
- Management** 1482.
- Participant** And are there any projects that are now getting CDM benefits or what's the status of CDM benefits on new projects?
- Management** CDM is only in respect of Chutak and Nimoo Bazgo.
- Participant** And you are getting –



*NHPC Limited
June 4, 2014*

- Management** But that is very negligible amount.
- Participant** And finally, I just was looking at the other income. The other income has spike if I you take FY13 there are some DESU dues that were paid so if you remove that actually the FY14 has-
- Management** We had got a dividend of 345 crores from our subsidiary, onetime dividend.
- Participant** And that is from which particular subsidiary.
- Management** NHDC subsidiary.
- Nalin Bhatt** This is Nalin Bhatt from Motilal Oswal Securities. There was one slide wherein you have given a reconciliation to the PAT number in which of course what you have done is 1370 crore was the reported PAT which is lower for the year of which you said 1327 crores came out of Subansiri Lower and Teesta provisioning. But when I look at the numbers which were given separately for these two projects the PAT impact was 999 crore only, so there is only that much impact should be consider for the PAT reconciliation and not the 1327 crore which is expenditure for those two projects. So, which are 330 crore of gap.
- Management** I will explain you this is nothing but the reconciliation of the line item disclosed in our quarterly and annual results so if you see at number two of the slide, the decrease in tax has already been considered, therefore other item will have to be taken at gross basis.
- Participant** Okay thanks.
- Management** Any other questions. Now, thank you for coming to this meet. Now all of you are requested to join for early dinner.
- Unaiza Shaikh** Thank you all for your valuable time. We welcome you all for the dinner. Thank you.