



“NHPC Limited
Q4 FY2020 Earnings Conference Call”

July 01, 2020



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Moderator: Ladies and Gentlemen, good day, and welcome to the conference call to discuss Q4 FY2020 results for NHPC, hosted by Elara Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rupesh Sankhe of Elara Securities. Thank you, and over to you, sir!

Rupesh Sankhe: Good Morning everyone. On behalf of Elara Securities, we welcome you all for the Q4 FY’2020 Conference Call of NHPC. I take this opportunity to welcome the management of NHPC, represented by Mr. A. K. Singh, CMD and other Directors. We will begin the call with a brief overview by the management, followed by a Q&A session. I will now hand over the call to Mr. A. K. Singh for his opening remarks. Over to you, Sir!

A. K. Singh: Thank you, Rupesh. Good Morning friends. First of all, I wish you all and your family very healthy and safe days in view of the global health crisis and pray for the entire world to get rid of this at the earliest.

The Board had adopted financial statements for the year ended March 31, 2020 in its meeting held on June 27, 2020 and the same has already been communicated to exchanges. By now, I hope you all would have got chance to go through the quarterly and yearly set of numbers.



First, I will just touch upon major highlights and then detailed analysis of the results shall be discussed by our Director Finance, Shri Mittal Ji.

Brief highlights of the financial results and important updates of the company are as under:

During the year ended March 31, 2020, our Power Stations have achieved generation of 26,316 MUs vis-à-vis to 24,472 MUs generated in the corresponding period of the previous year, including infirm power of Parbati-II and deemed generation in respect of Nimoo Bazgo and in Chutak Power Station, which is about 7.54% higher i.e. 1844 MUs broadly due to the better water availability.

Our PAF for the financial year 2019-20 stands at 84.04% against the corresponding previous period PAF of 84.97%. Decline in PAF is mainly due to shutdown of Baira Siul Power Station towards renovation and modernization and shutdown of Chamera-II power station due to repair and maintenance.

For the F.Y. 2019-20, Company has earned Revenue from Operations to the tune of Rs. 8735 Crore as against Rs. 8161 Crore in the corresponding previous period. It is about 7% higher, i.e. Rs. 574 Crore. During the F.Y. 2019-20 NHPC have earned PAT of Rs. 3007 Crore vis-à-vis Rs. 2631 Crore of corresponding period, which rose by Rs. 376 Crores, i.e. 14% approximately.



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On the physical front, the active construction work at Subansiri Lower Project has been fully resumed with effect from October 15, 2019 after clearance by Honorable NGT on July 31, 2019. Construction work at site remained suspended from March 24, 2020 to April 20, 2020 on account of nationwide lockdown due to the COVID-19. However, we are trying our best to complete the project by FY 2024.

Unit I and II (200 MW each) of Parbati-II Hydroelectric Project were synchronized with the grid at the part load on April 28, 2020 and April 29, 2020 respectively with limited resources amidst lockdown. Further, we are trying our best to complete the project by financial year 2022.

In respect of Dibang Multipurpose Project (2880 MW), forest clearance stage-II approval has been granted for diversion of 4577.84 Ha of forest land in favor of NHPC Limited by MoEF & CC, Government of India on March 12, 2020. Earlier investment approval towards pre investment activities for Rs. 1600 Crore was accorded. Also, a MoU has been signed with Cement Corporation of India Limited (CCI) for exploring possibilities for the cement requirement for this project on March 11, 2020. Draft PIB memo has been submitted to Ministry of Power on May 29, 2020.

NHPC has emerged as a successful bidder for Jal Power Corporation's Rangit Project (120 MW) in Sikkim with a bid of Rs. 165 Crore. Resolution professional filed COC approved resolution plan of NHPC on January 28, 2020 in Honorable NCLT Hyderabad. Draft PIB memo for



implementation of the project has been circulated by Ministry of Power on May 27, 2020.

A MoU has been signed on June 22, 2020 with Hydropower Investment and Development Company Limited (HIDCL), Nepal for development of hydropower projects in Nepal. Earlier, a letter of intent was signed on December 13, 2019, with NEA Engineering Company Limited, Nepal, for the mutual cooperation in the field of design & engineering.

A MoU has been signed on March 4, 2020 with PowerGrid Corporation of India for turnkey execution of dedicated transmission line of the construction of power supply lines for all existing and future hydropower projects of NHPC Limited.

A MoU has been signed on September 25, 2019 with the Government of Himachal Pradesh for execution of Dugar Hydroelectric project of 449 MW by NHPC on BOOT basis for a period of 70 years. The DPR of the project, prepared by earlier developer of the project, has been taken over and joint visit has concluded recently by official from NHPC and M/s DHPL. The DPR is now under process of updation in NHPC and is expected to be prepared and submitted by the end of this year.

NHPC is also exploring the possibility of taking up four projects in Uttarakhand (total 762 MW), earlier allotted but not commercially viable. Out of this, now it is proposed to make Chungar Chal and Karmoli Lumti Tulli projects viable in combination with its immediate downstream projects, with increased capacity of 201 MW each. In addition,



Dhauliganga Intermediate (210 MW) & Goriganga-III A (150 MW) would require to be given certain exemptions to make these projects viable. MoP has been requested to convene a joint meeting with GoUK/NHPC to arrive at a decision on these projects.

NHPC is also keenly following up decision on implementation of Ratle HE Project, J&K (850 MW). A MOU was signed on 03.02.2019 for implementation through a JV between NHPC and JKSPDC. PIB meeting already held on 09.03.2020. NHPC is also ready to take up the project on standalone basis. The issues were discussed in a VC meeting convened by MHA on 14.05.2020. A meeting is also scheduled on 01.07.2020 with Cabinet Secretary GOI in this regard.

NHPC has diversified its portfolio to include Solar Power business and has given Letter of Awards (LOA) to Solar Power Developers for interstate transmission system (ISTS) grid connected photovoltaic projects aggregating to 1600 MW installed capacity. Previously, NHPC had successfully conducted the e-reverse Auction for ISTS Grid Connected 2000 MW Solar PV Project to be set up anywhere in India. As part of the LOA, NHPC shall purchase the power generated from the proposed ISTS-Connected Solar PV Power Project at tariffs of Rs 2.55/- and 2.56/- per unit. Further, issuance of LOA for balance 400 MW is in process.

NHPC has been allotted the States of Telangana, Odisha and J&K for development of Floating Solar Power Projects under Ultra Mega Renewable Energy Power Parks (UMREPPs) scheme of MNRE. Signing of



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MoU with Odisha (500 MW) and approval of MoU with Telangana (500 MW) presently held up due to COVID 19 crisis.

Beside above, we are also in the process of development of 50 MW Floating Solar Power Project in Kerala, 296 MW Solar Power Projects in Telangana & 140 MW Solar Park (40 MW in Ist phase & 100 MW in IInd phase) in Odisha. Further, we have also invited EOI for selection of land aggregator for the purpose of development of 600 MW Ground Mounted Solar Project in the state of Rajasthan.

NHPC is also exploring to develop three numbers hydropower projects of total capacity of 155 MW in Union Territory of Ladakh. A proposal for development of 50 MW Solar Power Project in Leh is also under consideration with Ladakh authorities.

We are also in discussion with the State Government of Uttar Pradesh for development of Solar Power Projects for total capacity of 600 MW in the state under UMREPP.

This is all from my side. Now I request Director of Finance, Shri Mittal, to discuss financial results in detail.

M. K. Mittal: Good Morning, friends. I am sharing with you the detailed quarterly and yearly set of numbers. As you know that the financial statements of NHPC for the year ended March 31, 2020, were adopted by the Board in its meeting held on June 27, 2020 and those have already been shared with the stock exchanges.



The brief highlights of the financial results are as under:

During FY'20, our Power Stations have achieved generation of 26126 MUs as against 24,430 MUs generated in the previous year. This does not include Infirm Power of 190 MUs as against 42 MUs in the previous year in respect of Parbati-II Project, which is under construction.

During Q4 FY'20, our Power Stations have achieved generation of 3,961 MUs as against 3,672 MUs generated in the corresponding period of the previous year, which is about 8% higher i.e. 289 MUs and it is mainly because of the better water availability.

Our Plant Availability Factor (PAF) of FY'20 was at 84.04% against the previous year Plant Availability Factor of 84.97%. The decline in the PAF is mainly due to shutdown of Baira Siul Power Station for renovation and modernization and shutdown of two units of Chamera-II Power Station, where the restoration works are in progress. NAPAF as per the CERC norms is 77.35% and our performance is almost 7% higher than the CERC norms.

Our Plant Availability Factor for the Q4 FY'20 was 73.71% against the corresponding previous year figure of 74.08%. The reasons for the decline are the same like Baira Siul Power Station is under R&M and 2 units of Chamera-II Power Station are under restoration.



In FY'20, the company has earned Revenue from Operations, which was Rs. 8735 Crore as against Rs. 8161 Crore in the previous year, which is about 7% higher or Rs.574 Crore. The increase in revenue is mainly due to higher power trading revenue of Rs. 227 Crore, revenue recognized on account of O&M and security expenses Rs. 243 Crore, higher water cess of Rs. 108 Crore, higher secondary energy charges of Rs. 161 Crore, higher interest from beneficiaries on account of finalization of tariff for 2014-2019 period of Rs. 151 Crore, which is partly offset by the lower capacity charge of Rs. 187 Crore, sales pertaining to previous years arising out of the finalization of tariff of Rs. 191 Crore, lower PAF-based incentive of Rs. 75 Crore and lower deviation charges of Rs. 54 Crore etc.

During Q4 of FY'20, company has earned revenue of Rs. 1914 Crore as against Rs. 1950 Crore in the corresponding period of the previous year, which is about 2% lower. The decrease is mainly on account of lower capacity charge of Rs. 261 Crore, sales pertaining to previous year on account of finalization of tariffs of Rs. 234 Crore, lower PAF-based incentive of Rs. 28 Crore, which has been partly offset by increase in power trading revenue of Rs. 143 Crores, higher interest from beneficiaries on account of finalization of tariffs Rs. 133 Crore, revenue recognized on account of O&M and security expenses Rs. 71 Crore, higher secondary energy revenue of Rs.100 Crore.

Other income for FY'20 is of the order of Rs. 1036 Crore versus Rs. 925 Crore during the corresponding period of the previous year. Thus, there is an increase of Rs. 111 Crore. The increase is mainly due to higher dividend



income of Rs. 207 Crore, which is partly offset by lower late payment surcharge income of Rs. 44 Crore and decline in the interest income by Rs.40 Crore.

Other income in Q4 of FY'20 is of the order of Rs. 385 Crore as against Rs. 236 Crore during the corresponding period of the previous year. The increase is Rs. 149 Crore. Increase is mainly on account of higher dividend income of Rs. 225 Crore, which we got from the subsidiary company NHDC and which is partly offset by lower late payment surcharge income of Rs. 49 Crore.

During FY2020, the generation expenses have gone up from Rs. 797 Crore to Rs. 902 Crore i.e. an increase of Rs.105 Crore, and this is because of the higher water cess on account of higher generation in the J&K Projects.

During Q4 of FY2020, the generation expenses have gone up from Rs. 153 Crore to Rs.166 Crore, i.e. an increase of Rs. 13 Crore due to higher water cess on account of higher generation in the J&K Projects.

During FY2020, the employee cost has come down from Rs. 1705 Crore to Rs. 1516 Crore. There is a decline of Rs.189 Crore. This decline is mainly on account of the impact of regularization of pay scales of Rs. 198 Crore allowed in the previous year and because there is no impact as such in the current year. Reduction in the employee cost is due to superannuation of employees Rs. 184 Crore, which has been offset by increase in salary and wages on account of increased DA, promotional increments, annual increments, PRP, etc. by Rs. 193 Crore.

During Q4 of FY2020, employee cost has come down from Rs. 440 Crore to Rs. 383 Crore, i.e. a decline of Rs. 57 Crore, which is mainly due to decrease in the contribution to superannuation fund Rs. 35 Crore and decrease in salary and wages by Rs. 16 Crore.

During FY2020, the depreciation and amortization cost has come down from Rs. 1590 Crore to Rs. 1545 Crore i.e. by Rs. 45 Crores. This is mainly due to decrease in the depreciation on account of increase in the useful life of the power stations from 35 years to 40 years as per the regulatory norms.

During Q4 of FY2020, the depreciation and amortization expenses have decreased from Rs. 411 Crore to Rs. 386 Crore i.e. by Rs. 25 Crore and it is mainly because of the increase in the useful life of the power stations from 35 years to 40 years.

During FY'20, other expenses have gone up from Rs. 1166 Crore to Rs. 1515 Crore i.e. an increase of Rs. 349 Crore and it is broadly on account of increase in the CSR expenses by Rs. 109 Crore, increase in the security expenses by Rs. 70 Crore, higher provisioning against survey and investigation projects Rs. 94 Crore and increase in the insurance expenses by Rs. 42 Crore.

During Q4 FY2020, other expenses have increased from Rs. 362 Crore to Rs. 654 Crore i.e. an increase of Rs. 292 Crore and this was mainly because of higher provisioning of Rs. 138 Crore against survey and investigation projects, increase in CSR expenses by Rs. 75 Crore, increase in interest



payable to beneficiary states, Rs. 40 Crore and increase in security expenses by Rs. 38 Crore.

During FY'20, there has been decrease in the finance cost from Rs. 895 Crore to Rs. 795 Crore i.e. a decrease of Rs. 100 Crore and this is mainly due to capitalization of interest cost in respect of Subansiri Lower Project by Rs. 145 Crore post resumption of activities of the project. This has been partly offset by the interest cost in respect of Wind Power Project, Solar Power Project and higher interest outgo in respect of Kishanganga Project, where there is a full year impact in the F.Y. 2019-2020 as compared to 10.5 months impact in F.Y. 2018-19.

During Q4 of FY'20, there has been decrease in the finance cost from Rs. 223 Crore to Rs. 151 Crore. This means a decline of Rs. 72 Crore and this is because of the capitalization of finance cost in respect of Subansiri Lower Project, as active construction has resumed.

During FY'20, we have earned Profit after Tax of Rs. 3007 Crore as against Rs. 2631 Crore in the previous year. Profit after Tax rose by Rs. 376 Crore which is about 14% and the reasons for the increase have been discussed in the foregoing paragraphs.

During Q4 FY'20, we have earned Profit after Tax of Rs. 383 Crore as against Rs. 492 Crore in the corresponding period. Profit is down by Rs. 109 Crores in Q4 and the reasons for the decline have been discussed in the foregoing paragraphs.



In FY2020, the incentive position was as under:

Secondary energy during FY 2020 is Rs. 328 Crore and in FY2019, it was Rs.167 Crore. So there is a net increase of Rs. 161 Crore.

PAF based incentive during FY'20 is Rs. 361 Crore, in FY2019 it was Rs. 436 Crore. So there is a net decline of Rs. 75 Crore. Deviation charges during FY2020 is Rs. 131 Crore and in FY2019 it was Rs. 185 Crore. There is a net decline of Rs.54 Crore. However, our total incentives in FY2019 were Rs. 788 Crore, which have rose to Rs. 820 Crore. Thus, the net increase in the incentives in FY'20 as compared to FY'19 was Rs. 32 Crore.

The capital expenditure incurred in FY'20 was Rs. 4155 Crore as against Rs. 2213 Crore in the previous financial year.

The anticipated cost of Parbati-II project is now Rs. 9997 Crore out of which we have already spent Rs. 7877 Crore till March 2020. The estimated levelized tariff based on the anticipated cost is Rs. 5.61 per unit.

The revised cost of Subansiri Lower Project now stands at Rs. 20369 Crore out of which we have already spent Rs. 12157 Crores till March 2020. The estimated levelized tariff based on this cost is Rs.5.18 per unit.

On the realization front, NHPC has received Rs 6795 Crore from the beneficiaries against the sale of energy during FY2020 and the last year's collection was Rs. 6092 Crore. Trade receivables as of 31.03.2020 stands at Rs. 3818 Crore as against Rs. 2685 Crore as on March 31, 2019.



Now major receivables are as under:

PDD, J&K Rs. 1450 Crores of which Rs. 1389 Crore is for more than 45 days, UPPCL total dues are Rs.1288 Crore out of which more than 45 days is Rs. 1226 Crore, Jodhpur Vitran Nigam Limited Rs. 157 Crore out of which Rs. 143 Crore is for more than 45 days, PSPCL- Punjab total dues are Rs. 135 Crore out of which Rs. 98 Crore is more than 45 days, West Bengal State Electricity Distribution Company total dues are Rs. 126 Crore out of which Rs. 89 Crore is more than 45 days and others Rs. 662 Crore out of which Rs. 219 Crore are more than 45 days and the total dues as on March 2020 were Rs.3,818 Crore out of which dues more than 45 days were Rs. 3164 Crore.

This is all from my side. Now the forum is open for question and answers.
Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Congratulations on a good set of numbers. Sir, I have two questions primarily. Firstly, on the receivables. Has receivables gone up in the COVID days? I am talking about the current receivables and how much is it? Secondly, whether when do you think the receivables will come to a normal cycle given the fact that there is a DISCOM liquidity scheme? And have you heard anything from your beneficiaries regarding the liquidation?



Y. K. Chaubey: Due to lockdown effect, the outstanding dues for more than 45 days stand at Rs. 2925 crs. as on 29.06.2020, compared to Rs.2389 crs. before the start of lock down. So, the outstanding dues have increased to the tune of Rs. 536 crs.

Akhilesh Bhandari:Sir, under the MOP guidelines, what is the rebate, which we are offering to the DISCOMs?

A. K. Singh: Actually, under the guidelines, they have requested all power PSUs to give rebate in the range of 20% to 25% of the bill amount of the capacity charges. So, in case of NHPC, we have given around Rs. 185 Crore for a three month period of COVID period and further this is the final. We are not going to give any more if this period is further extended. So, we have given less than 25% and it is only Rs. 185 Crore.

Akhilesh Bhandari:Sir, what would be the amount for NHDC? Is that separate or is Rs. 185 Crore total for the consolidated entity?

A. K. Singh: It is total for NHPC.

Akhilesh Bhandari:So it includes NHDC also?

A. K. Singh: This is for NHPC only.

Akhilesh Bhandari:No. Sir, I am asking about your subsidiary's number. NHPC subsidiary's number is also included in Rs. 185 Crore or that will be announced separately?



A. K. Singh: No, only NHPC. Subsidiary is not giving any discount.

Akhilesh Bhandari: Sir, there was also the proposal to defer the collection of the fixed charges for this period as well. So what is that quantum which will be deferred and collected later in equal installments?

A. K. Singh: We have not deferred anything. You must have heard that Government of India has given payment of around Rs. 90,000 Crore to them and they are working on the issues so that our payment from the DISCOMs is received. So probably, we are going to get around Rs. 2800 Crore out of Rs. 90,000 Crore earmarked for all the DISCOMs.

Akhilesh Bhandari: Thank you Sir. I will join in the queue.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Thank you. Sir, a few questions; firstly on Subansiri Lower Project, now has the work resumed and any status? Because I believe before the monsoon, it was a critical period, so do you expect any delays to be originally scheduled now?

A. K. Singh: The work has started and it is doing quite well, but again due to the COVID-19, I told you, for a month's time, there was no work and now we are being allowed to work in day shift only. For Night, we are trying to get the permission from the State Authorities. Definitely, there was some slippage during the period, we could have done better during this period before the monsoon, but we are planning everything, increasing resources,



and we are not changing any final schedule date. We are going to complete this project in the FY 2023-24. So, whatever the delay has been done partially during this COVID period, we will try to make it up.

Dhruv Muchhal: So the schedule remains and Sir, there was also a contract which was pending to be awarded. I think in May, it was to be awarded, I think, Lot 4 or something, so is that done?

A. K. Singh: It is in process. Hopefully, within 15 to 20 days' time, we will be able to award it.

Dhruv Muchhal: Sir, any update for Parbati-II? How is the work progressing there and any delay do you expect?

A. K. Singh: Regarding Parbati-II Project, we have awarded one package recently in the first week of the June 2020 only because only 2.5 kilometer of Head Race Tunnel is pending. At one place still we are facing a problem with tunnel boring machine because of very poor geology and because of that issue we are unable to get the required progress but from other side, we have awarded the package to one of the agency and they have started mobilization also. We have just changed the schedule for three months because during the COVID period we could not done proper mobilization and supply of material. At the same time, all the works were closed due to this COVID pandemic. So earlier, we had kept the scheduled date for the commissioning in December 2021, now we are just extending another three months i.e. March 2022. So we are keeping the schedule and definitely, we are going to complete within the schedule only and one thing I want to add

that we are generating from this Parbati-II Project also by using some nala water and we are putting one nala, which is going to add further. So partially, we have already commissioned Parbati-II Project, generating power also and we are committed to complete this balance work by March 2022.

Dhruv Muchhal: Sir what you sell from this generation will be netted off from the project cost? This will not be booked to revenue, right?

M. K. Mittal: Yes. It is being decapitalized basically. It is being adjusted against the capital cost. So the capital cost is coming down to that extent. Like last year, we sold roughly 190 MUs. There is a revenue generation of almost Rs. 25 Crore. So, the capital cost of the project is going down to that extent.

A. K. Singh: Further one thing I am adding here is now we are getting the amount as infirm power but when we are going to add some more water and for running up one machine in the full load, it will require around 26 cumec of water. We are getting 16 cumec at the present, and by adding another nala, we will be getting around 32 cumec. So, we will be doing the COD for at least one machine.

Dhruv Muchhal: So you will commission one unit and start billing for that?

A. K. Singh: Yes, we will take the COD, when the water reaches more than 26 cumec of water. So likely, in the month of February, March, April definitely within this financial year only, we will do that.



Dhruv Muchhal: So from next year onwards, you will see at least from FY2022 onwards, at least one unit will be commissioned, by end of the year, probably the whole plant will be commissioned?

A. K. Singh: Yes. Already two units have been commissioned, balance two units are likely be synchronized in a day or two, so all four units are ready.

Dhruv Muchhal: Last thing on the LPS amount. I believe you are not accruing the LPS. You are booking out on cash basis. So is it possible to share what is the accumulated LPS which we were to collect it now? I mean if the discoms were to all pay up the LPS amount? You have disclosed that in your annual report so if you can just share that number?

M. K. Mittal: You see, as you rightly mentioned, we are booking the late payment surcharge on a realization basis and the LPS, which is outstanding at the end of June 2020 is around Rs. 475 Crore. So if we realize today, it will increase our income by Rs. 475 Crore.

Dhruv Muchhal: This is the cumulative amount, Rs.475 Crore?

M. K. Mittal: Yes.

Dhruv Muchhal: Sir just one last one, please, on the CAPEX for FY2021, what is the CAPEX guidance?

M. K. Mittal: FY2021, you want to know the CAPEX plans?

Dhruv Muchhal: The overall CAPEX number is fine.



M. K. Mittal: Yes. The overall CAPEX number is roughly Rs. 5300 Crore which includes Rs. 4700 Crore (approx.) for NHPC alone and Rs. 600 Crore (approx.) we are going to put in our subsidiaries so the total number is around Rs. 5300 Crore.

Dhruv Muchhal: Got it. That is all Sir.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Congratulations for a good set of numbers. My question is, the Rs.1 lakh Crores capital expenditure plan for NHPC in the years, if you can break up that between the projects, it will be helpful.

M. K. Mittal: Okay. Parbati-II Project we are going to spend another Rs. 2700 Crore. This is updated sometime back in around March or so. So I am giving the numbers as per that point of time. Subansiri Lower Project, we have already spent Rs. 11000 Crore, so the balance will be around Rs. 8700 Crore. Kotli Bhel, we are planning to spend around Rs. 1900 Crore in the next 10 years. Dibang Multipurpose Rs. 27450 Crore including the subvention, which we expect from the Government, Teesta-IV Rs. 5500 Crore, Tawang-I Rs. 5200 Crore, Tawang-II Rs. 6600 Crore, Goriganga-III A Rs. 2400 Crore, Wind Power Projects we are targeting around Rs. 900 Crore, Solar Power Projects Rs. 2700 Crore, R&M Baira Siul Rs. 276 Crore, a lot of amount has been spent out of this. Loktak, we are going to spend another Rs. 273 Crore because the work is now going to take off. Then Pakal Dul, our remaining equity infusion will be around Rs. 221 Crore,



Kiru Rs. 554 Crore, Kwar Rs. 560 Crore, Ratle Rs. 657 Crore, Chamkharchhu Rs. 720 Crore, Teesta VI Rs. 1724 Crore. So the total investment is Rs. 70598 Crore excluding some of the other projects which have been now identified, which we'll include in due course of time. So this is breakup of Rs. 70000 Crores (approx.). This includes Rs. 65000 Crore direct investment and includes Rs. 5300 Crore as an equity investment. So if you take the aggregate value, this will be around Rs. 102000 Crore.

Bhavin Vithlani: Over the next two to three years, what would be the equity which will be required in the ongoing projects on an average equity investment requirement?

M. K. Mittal: In 2021, our equity requirement as per the CERC norms will be around Rs. 1500 Crore. During FY 2021-2022, it will be roughly Rs. 2200 Crore and in FY 2022-2023, it will be around Rs. 2400 Crore.

Bhavin Vithlani: Sir, just one related question. We reported a profit of about Rs. 3000 Crore and depreciation will go into debt repayment. So practically, the profit after tax is something which we can re-plough back through the equity investment and our dividend payment is 50% of profits, in the shorter term, would the dividend be maintained?

M. K. Mittal: You see, NHPC profit is in the range of Rs. 3000 Crore and if you assume that the depreciation will be used for loan repayment, we have additional cushion of almost Rs. 2000 Crore in the form of equity which we have already overinvested. That equity we are going to take out and we will replace with the borrowings. So in the next two to three years, whatever I



have told you, my equity requirement may be around Rs. 6000 Crore out of which Rs. 2000 Crore will be met from the existing surplus equity invested in Subansiri Lower, Parbati, etc. So I will have to infuse another Rs. 4000 Crore as equity, not Rs. 6000 Crores. My requirement, which I mentioned you, is Rs. 6000 Crore, but roughly net will be only Rs. 4000 Crore because Rs. 2000 Crore I can replace that equity with the debt and because of that, my three years PAT may be Rs. 9000 Crore and equity required may be Rs. 4000 Crore, so still will have around Rs. 5000 Crore as an internal accrual available for dividend and other things and that should suffice my existing level of dividend.

Bhavin Vithlani: Really appreciate that. Thank you for taking my questions.

Moderator: Thank you. The next question is from the line of Kapil from India Capital. Please go ahead.

Kapil: Thank you for the opportunity. Sir, if you see your numbers, I mean, your revenue has gone up substantially, but if you will see the other expenses, that has gone up from Rs. 1166 Crore to Rs. 1515 Crore. What is the major reason for that? Secondly, there is a huge jump of around 42% in trade receivables, so who are the major parties in this trade receivables, Sir?

M. K. Mittal: You see for the other expenses I had explained to you during the course of my reading the quarterly and annual financial results, but for your information, I will again tell you that there was an increase of Rs. 349 crore in the other expenses during the year. Broadly, it was because of the CSR expenses of Rs. 109 Crore. Let me tell you that in the past, we had not been



spending the full amount of the CSR statutory required amount and there had been some backlog. So in order to clear that backlog, we have spent additionally this year and because of which our CSR expenditure, which was Rs. 18 Crore only last year, this year it increased to Rs. 127 Crore So Rs. 109 Crore increase in the CSR expenditures. This is not a recurring increase this is a onetime increase just to clear the backlog. Then, we had some higher security concerns in the J&K project and we had to increase the security deployment and there is an increase in the wage bill of CISF officials and because of that, the security expenses increased by Rs. 70 Crore. Then we had some S&I Projects where the work is not very active or the projects are not taking up and there is a probability of projects not coming very soon and as a matter of conservatism, we have charged off around Rs. 150 Crore in the S&I projects to the P&L by making a provision. If these projects become successful in future, the amount will be reversed and lastly, there has been increase in the insurance premium because of the higher risk perception in the hydro sector globally and because of which we had to pay higher insurance premium for the insurance of all our hydro assets. Our hydro insurance premium is paid for the assets of around Rs. 65000 Crore to Rs.70,000 Crore, so there is an increase in the premium by Rs. 42 Crore. So broadly, these have contributed to increase in other expenses, Rs. 109 Crore because of the CSR, additional security expenses Rs. 70 Crore, additional S&I provisioning of Rs. almost Rs. 94 Crore etc. Is it okay for you?

Kapil:

Why there is a huge jump in trade receivables? I am talking about the consolidated basis, Sir Ji?



M. K. Mittal: Trade Receivables, we are not getting payments from J&K and from UP for almost a year now and in J&K, we are getting the adjustment of water usage charges, which we paid to the Government of J&K as per their enactment and the annual adjustment is almost Rs. 900 Crore. Apart from that, there have been very few cash payments and now because of the financial package, which is there in the pipeline, and most of the State Governments are in the process of taking the guarantee approval from the State Government, we hope that the dues from the J&K and UP, which are almost Rs. 3,000 Crore as of today, will get cleared very soon and our receivables will be much below in time to come.

Dhruv Muchhal: Sir, just one small thing was, when you give the revenue breakup, you do also mention the O&M amount. O&M-related increase is about Rs. 243 Crore. So what is this coming from?

M. K. Mittal: See, we have been allowed higher recovery of O&M charges and security expenses by the CERC from the current tariff period 2019-2024 and because of that this is Rs. 243 Crore.

Dhruv Muchhal: Okay. So this is the incremental, so O&M, for example, it was Rs. 100 Crores last year, it will increase.

M. K. Mittal: Yes.

Dhruv Muchhal: Got it Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.



Bhavin Vithlani: For fiscal year 2019-2020, what was the under recovery in the O&M expenses and which were the key projects?

M. K. Mittal: See, we have got the new tariff regulation and the O&M expenses have been brought at par with the actual by the CERC. So as such, there is no under recovery except CSR expenses which is not allowed. If there is any write-off, they do not allow, any provisioning, they do not allow, so all these items are under recovery. Otherwise, all my expenses have been included to my actual and there is no under recovery as such. So if you strictly say that what is my actual total expenses and what is regulatory allowed expenses, the gap may be CSR Rs. 127 Crore and there are some provisioning of S&I expenses Rs. 150 Crore. So you can say that my expenses in addition to the regulatory norms may be within Rs. 300 Crore which I am not recovering because the regulator does not allow these items.

Bhavin Vithlani: Understand. Because in our earlier communication, we had highlighted that in some projects, which are old and due to legacy reasons, our employee cost, staff expenses was higher and you will see a reduction in the O&M under recovery from where I was driving the question?

M. K. Mittal: That is fine, but now that has been trued up, and they have allowed all the expenses on an actual basis. So even if whatever was the expenditure till 2018-2019, that has been trued up to the actual level and there is no under recovery as such except only for the items which I mentioned because CERC does not allow those items as a part of tariff.



Moderator: Thank you. The next question is from the line of Anant Mundra from Mytemple Capital. Please go ahead.

Anant Mundra: I just wanted to know what is the regulated equity figure at the end of FY2020, both on standalone and consolidated basis?

M. K. Mittal: You see on a standalone basis, my regulated equity is around Rs. 12887 Crores as on March 2020 on a standalone basis. On a consolidated basis, it will be Rs. 14900 Crore you can say.

Anant Mundra: Sir has there been any underrecovery because we have had a couple of plant shutdowns in Q4 FY2020. So because of that, has there been any revenue under recovery because of lower plant availability factor?

M. K. Mittal: Yes. As I mentioned during my statement on the accounts, I mentioned that there has been lower realization of capacity charge because of the shutdown of the plant during 2019-2020. There was a under recovery of capacity charges by Rs. 187 Crore because of the shutdowns.

Anant Mundra: Thank you. That is it from my side.

Moderator: Thank you. Due to time constraints, last question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Two questions. First what is the revenue EBITDA and profit for our NHPC subsidiary during the financial year?



M. K. Mittal: You see the Profit after Tax is Rs. 920 Crore and the Revenue from Operations is Rs. 1273 Crore. Total revenue, including other income is Rs. 1495 Crore and PAT is Rs. 920 Crore as I mentioned you. What else you want?

Mohit Kumar: Secondly, which are the tenders we are planning for in the next 12 months across the entire portfolio? I think Lanco Teesta is still to be tendered out completely, am I right?

A. K. Singh: We are doing the tender for Lanco Teesta Hydro Power and at the same time, we have already started doing the tender for Rangit IV Project also, though it is still to be cleared by the NCLT. May be by end of July this will be cleared, but we have started doing the tender for Rangit IV also, so two projects we are doing. Again, for the Teesta IV also, we are pursuing it very hard and, hopefully, very soon, it will be cleared. So some balance tender in the Teesta IV Project also we will do and subsequently for Dibang Multipurpose Project also. So lot of projects are there. We are trying for even the Ratle Project also. In today's meeting, it is supposed to be cleared, then we will go for the EPC contract of the Ratle project also. So these are the projects we need to go for the civil packages. In the solar also, we are going to do a lot of job, so a lot of tenders are to come during this year.

Mohit Kumar: So is there something pending in Chenab Valley Power Projects for FY2021?

A. K. Singh: No, that tender has been finalized, the Kiru tender, probably they have awarded a few days back. So nothing is pending there.



M. K. Mittal: Only Kwar tenders will come, only for the Kwar project.

Mohit Kumar: I understood Sir. Thank you. Best of luck Sir.

Moderator: Thank you. The last question is from the line of Keyur Asher from Reliance Nippon Life Insurance. Please go ahead.

Keyur Asher: Thank you for the opportunity. Sir, I just had a book keeping question. Taking forward the previous question asked by a participant, so on the CAPEX front, Sir, you mentioned for FY2021, our current CAPEX amounted about Rs. 5300 Crores plan. So if you could share the CAPEX which you incurred for the current year and for FY2022 and 2023?

M. K. Mittal: You want the CAPEX number for FY2019 and 2020? Am I correct?

Keyur Asher: Yes, that is correct and also for FY2022 and 2023.

M. K. Mittal: Parbati-II Rs. 599 Crore, Subansiri Lower Rs. 1408 Crore, Kotli Bhel Rs. 14 Crore, Dibang Multipurpose Rs. 693 Crore, Teesta IV Rs. Rs. 20 Crore, Tawang-II Rs. 12 Crore, Teesta VI Rs. 920 Crore. We have infused our equity in our wholly owned subsidiary, which we have taken over through NCLT. Solar Power Projects, we have spent Rs. 12 Crore, Chenab Valley Power Projects, we have given equity of Rs. 140 Crore, Baira Siul, we have spent Rs. 140 Crore on R&M and we have made payment against some of the old power stations Salal, Nimoo Bazgo etc. and all that comes to Rs. 190 Crore. So total CAPEX was Rs. 4155 Crore. This is for FY 2019-2020.



Keyur Asher: FY2022, Sir, if you could give a total cumulative number that would also be helpful.

M. K. Mittal: For FY 2020-21, as I mentioned, our CAPEX plan is Rs. 5300 Crore and the amount which we are going to spend in FY 2020-21 are Kishanganga Rs. 120 Crore, Parbati-II Rs. 881 Crore Subansiri Lower Rs. 1965 Crore, Kotli Bhel Rs. 19 Crore, Dibang Multipurpose Rs. 409 Crore, Teesta IV Rs. 764 Crore, Tawang-II Rs. 19 Crore, Wind Power Projects Rs. 53 Crore, Solar Power Projects Rs.328 Crore, Baira Siul Rs. 68 Crore, Loktak, Rs. 18 Crore, these are R&M Projects, Baira Siul and Loktak then our equity infusion will be there in Papal Dul Rs. 200 Crore, Kiru Rs. 200 Crore, Kwar Rs. 100 Crore, then Teesta VI Rs. 100 Crore, so total equity infusion will be Rs. 603 Crore in Subsidiaries & Joint Ventures and that way, our total CAPEX in FY 2020-21 will be around Rs. 5300 Crore. Going forward, in FY 2021-2022, we are going to spend Rs. 962 Crore in Parbati-II, Subansiri Lower Rs. 2400 Crore, Kotli Bhel Rs. 23 Crore, Teesta IV Rs. 1650 Crore, Tawang, Teesta IV Rs. 900 Crore, then Wind Power Projects Rs. 100 Crore, Solar Power projects Rs. 150 Crore, R&M of Baira Siul and this thing will be Rs. 162 Crore, Loktak and Baira Siul. Then our equity infusion for Pakal Dul will be Rs. 50 Crore, for Kiru will be Rs. 120 Crore, Kwar will be Rs. 120 Crore, Ratle will be Rs. 200 Crore, Teesta VI will be Rs. 400 Crore. So that will make the total spending at Rs. 7618 Crore, is it all right for you or you want something more?

Keyur Asher: Thank you so much.



NHPC Limited

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Moderator: Thank you. I would now like to hand the conference over to Mr. Rupesh Sankhe for closing comments.

Rupesh Sankhe: Thank you, Mr. A.K. Singh, for giving us an opportunity to host this call. We also thank all the investors and the analysts for joining this call. Good day and take care.

Moderator: Thank you. On behalf of Elara Securities we concludes this conference. Thank you for joining us. You may now disconnect your lines.
