



“NHPC Limited
Q3 FY2020 Earnings Conference Call”

February 10, 2020



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MANAGEMENT: MR. RATISH KUMAR - CHAIRMAN AND MANAGING DIRECTOR - NHPC LIMITED
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Moderator: Ladies and gentlemen, good day and welcome to the NHPC Limited Q3 FY2020 Earnings Conference Call hosted by Elara Securities Private Limited. 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 an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference call is being recorded. I now hand over the conference call to Mr. Rupesh Sankhe from Elara Securities Private Limited. Thank you and over to you, Sir!

Rupesh Sankhe: Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY2020 Conference Call of NHPC Limited. I take this opportunity to welcome the management of NHPC represented by Mr. Ratish Kumar - Chairman and Managing Director. I congratulate and wish all the best to Mr. Ratish Kumar for his new role as the CMD. We will begin the call with the brief overview by the management followed by Q&A Session. I will now hand over the call to Mr. Ratish Kumar for his opening remarks. Over to you, Sir!

Ratish Kumar: Thanks a lot. Good afternoon, friends. The board of the company has adopted 9 months financial accounts ended December 31, 2019 in its meeting held on February 7,



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2020 and the same has already been communicated to the exchanges. By now, I hope you all would have got the chance to go through the quarterly and 9 months numbers.

First, I will just touch upon major highlights and then a detailed analysis of the results shall be discussed by the Director (Finance) Shri, Mittal. Brief highlights of the financial results and important updates of the company during the 9 months ended December 31, 2019 are as under:

Our power stations have achieved generation of about 22351 MUs vis-à-vis 20799 MUs generated in the corresponding period of the previous year including infirm power of Parbati II. This is approximately 7.46% higher i.e. 1552 MUs broadly due to better availability of water.

Our PAF for 9 months FY2020 stands at 87.47% against the corresponding previous period of 88.50%. Slight decline in PAF is mainly due to shut down of Baira Siul Power Station towards renovation and modernization and shut down of Chamara II Power Station due to repair and maintenance.

For the 9 months FY2020, company has earned revenue of Rs. 6822 Crores as against Rs. 6211 Crores in the



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corresponding previous period, which is about 10% higher i.e. Rs. 611 Crores.

During 9 months FY2020, we have earned PAT of Rs. 2624 Crores vis-à-vis Rs. 2138 Crores of corresponding period, which rose by Rs. 486 Crores i.e. 23% higher.

On 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 and we are happy that progress at site is going on as per schedule and we are trying our best to complete the project by FY2024. One more good news is that NHPC has emerged as a successful bidder for Jal Power Corporation's Rangit Project of 120 MW in Sikkim with a bid of Rs. 165 Crores.

This is all from my side, now I request our Director (Finance), Mr. Mittal to discuss detailed results.

M. K. Mittal: Thank you, Sir. Good afternoon friends. I am going to share with you detailed Q3 & 9 months FY 2020 set of numbers with detailed analysis. As you know, the Board has adopted the 9 months financial results ended December 31, 2019 in its meeting held on February 7, 2020 and the same have already been published as well as

communicated to that exchanges. Brief highlights of the financial results and important updates of the company are as under.

During nine months ended December 31, 2019, our Power Stations have achieved generation of 22351 MUs vis-à-vis 20799 MUs generated in the corresponding period of the previous year, which is about 7.46% higher and it is mainly due to better water availability and better upkeep of the power stations. There has been full 9 months impact of Kishanganga Power Station as compared to seven and half months in the last year, so we have some additional generation of roughly 350 MUs from Kishanganga Power Station also.

During Q3 FY2020, our power stations have achieved generation of 4478 MUs vis-à-vis 4171 MUs generated in corresponding period of the previous year, which is about 7% higher and again it is because of the better water availability as well as better upkeep and maintenance of the power stations. Our PAF for the 9 months is 87.47% as against the NAPAF of 77.35% and we are almost 10% higher than the CERC norms in terms of the PAF. Our PAF for the 3rd quarter stands at 81.44% and in the corresponding period of previous year it was 79.53%. So

that's way we are almost 2% higher in terms of PAF as compared to Q3 of the last year.

For the 9 months FY2020, the company has earned revenue of Rs. 6822 Crores as against Rs. 6211 Crores earned in the 9 months of the last year, which is about 10% higher. The increase in revenue is mainly due to commissioning of Kishanganga Power Station (Rs. 202 crore), trading revenue of Rs. 84 crore, revenue recognized on account of wage revision of Rs. 161 crore, O&M Expenses of Rs. 162 crore, higher water cess of Rs. 85 crore, higher secondary energy charges of Rs. 61 crore etc. which has been partly off-set by lower PAF based incentive of Rs. 47 Crore and lower deviation charges of Rs. 90 crore etc.

During Q3 FY'20, Company has earned revenue of Rs. 1795 crore as against Rs. 1574 crore in the corresponding previous period which is about 14% higher (i.e. Rs. 221 crore). This is mainly on account of increase in revenue of Kishanganga Power Station (Rs. 40 crore), trading revenue of Rs. 43 crore, revenue recognized on account of wage revision of Rs. 54 crore and O&M Expenses of Rs. 54 crore, higher water cess of Rs. 32 crore, higher secondary energy of Rs. 24 crore, higher

incentive of Rs 10 crore, which have been partly off-set by lower deviation charges of Rs. 31 crore etc.

Other income for the 9 months of FY2020 is of the order of Rs. 651 Crores as against Rs. 689 Crores during the corresponding previous period and there is a decrease of Rs. 38 Crores. The decrease is mainly due to the lower interest income.

Other Income for the 3rd Quarter FY20 is of the order of Rs. 65 crore vs Rs. 117 crore during the corresponding previous period. Decrease is mainly due to lower late payment surcharge income (Rs.20 crore) & interest income (Rs.22 crore) etc.

During the nine months FY'20, the generation cost has gone up from Rs. 644 crore to Rs. 736 crore i.e. by Rs. 92 crore, due to higher water cess on account of higher generation in J&K Projects.

During Q3 FY'20, the generation cost has gone up from Rs. 126 crore to Rs. 158 crore i.e. by Rs. 32 crore, due to higher water cess on account of higher generation in J&K Projects.

During the nine months of FY'20, the employees cost has come down from Rs. 1264 crore to Rs. 1133 crore i.e. by Rs. 131 crore. This is mainly towards impact of benefit of

regularization of pay scales for Rs. 191 crore allowed in previous year and reduction in employee expenses due to superannuation of employees for Rs.118 crore which has been partly offset by increase in salary & wages on account of increased DA, promotion, annual increment for Rs.158 crore etc.

During Q3 FY'20, the employees cost has come down from Rs. 551 crore to Rs. 399 crore i.e. by Rs. 152 crore primarily due to impact of benefit of regularization of pay scales for Rs. 191 crore allowed in 3rd quarter of previous year and reduction in employee expenses due to superannuation of employees for Rs. 39 crore which has been partly offset by increase in salary & wages on account of increased DA, promotion, annual increment, PRP for Rs. 78 crore etc.

During the current 9 months, the depreciation has come down from Rs. 1179 Crores to Rs. 1160 Crores i.e. by Rs. 19 Crores. As we know that the life of the power station has been increased from 35 years to 40 years and because of that there is a reduction in depreciation by Rs. 59 Crores, however, since Kishanganga Power Station was commissioned in the last year and this year the additional depreciation for Kishanganga is Rs. 35 Crores

because of the whole 9 months depreciation as against 7.5 months depreciation in the last year.

During Q3 FY2020, the depreciation has decreased from Rs. 401 Crores to Rs. 387 Crores i.e. by Rs. 14 Crores and this is mainly due to the increase in the life of the projects from 35 years to 40 years.

During nine months FY'20, other expenses have gone up from Rs. 804 crore to Rs. 861 crore i.e. by Rs. 57 crore broadly on account of O&M Expenses due to commissioning of Kishanganga Power Station (Rs. 11 crore), increase in security expenses of Rs.25 crore, increase of Rs. 13 crore in R&M expenses etc.

During Q3 FY2020, other expenses have decreased from Rs. 298 Crores to Rs. 267 Crores i.e. a decline of Rs. 31 Crores and this is mainly because of the lower provisioning made against survey and investigation project as compared to the last year.

During 9 months FY2020, there has been a decrease in the finance cost from Rs. 672 Crores to Rs. 644 Crores i.e. decrease of Rs. 28 Crores, which is mainly on account of capitalization of finance cost in r/o Subansiri Lower Project (Rs. 73 Crores) because of resumption of active construction of the project. This has been partly offset due

to commissioning of Kishanganga Power Station (Rs. 21 Crores) and interest on the borrowed loan for Wind and Solar power station. As this money was borrowed during the end of the last year, it has an impact of almost Rs. 25 Crores on the interest expenses.

During Q3 FY2020, there has been decrease in the financial cost from Rs. 223 Crores to Rs. 156 Crores i.e. by Rs. 67 Crores mainly on an account of capitalization of financial cost of Subansiri Lower Project because of the resumption of the active construction in the projects.

During 9 months FY2020, we have earned PAT of Rs. 2624 Crores vis-à-vis Rs. 2138 Crores in corresponding period of last year which rose by Rs. 486 Crores and it means an increase in PAT @ 23% and the reason for increase or decrease in the line items have just been explained.

During Q3 FY2020, NHPC has earned a PAT of Rs. 404 Crores vis-à-vis Rs. 182 Crores in the corresponding period of the last year i.e. there is an incremental profit of Rs. 222 Crores, which has resulted to 122% increase in the PAT and the reasons have also been deliberated in the foregoing paragraphs.

During 9 months FY2020, the incentives position are as under:

Secondary energy in 9 months of the current year is Rs. 100.69 Crores and in 9 months of the last year it was Rs. 40.11 Crores, so there is an increase of Rs. 60.58 Crores in the secondary energy.

PAF based incentive in the 9 months of this year is Rs. 346 Crores and in 9 months of last year this was Rs. 393 Crores, there is a decline of Rs. 47 Crores and this decline is mainly due to the shutdown of Baira Siul power station for maintenance and because of some repair and maintenance activities being carried out at Chamera II power station because of the breakdown, etc.

The deviation charges this year 9 months are of the order of Rs. 88 Crores as against Rs. 176 Crores last year, there is a decline in the deviation charges by Rs. 88 Crores and as we know, we suffered a lot in the first quarter of the current year because of the change in deviation settlement regulations and after the subsequent amendment, we have been able to increase this revenue in the current year, but still because of the capping on the deviation charges there is some decline which is beyond the control of the company.



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CAPEX during 9 months of FY2020 is Rs. 2855 Crores as against Rs. 1644 Crores in the previous year.

Construction work at 800 MW Parbati - II H.E. Project is under progress and we are expecting to get the project commissioned by FY'22. The anticipated cost of the project is Rs. 9997 crore out of which we have already spent Rs. 7738 crore till Dec' 2019. The estimated levelised tariff based on the anticipated cost is Rs. 5.71 per unit.

The active construction work at Subansiri Lower Project has been fully resumed w.e.f. October 2019 after clearance by Hon'ble NGT on 31.07.2019. Accordingly, capitalization of hard cost, IDC & IEDC has also been normalized from the third quarter of FY 2019-20. The revised cost of the project now stands at Rs. 19,496 crore out of which we have already incurred Rs. 11126 crore till Dec' 2019. The estimated levelised tariff based on the anticipated cost is Rs. 5.24 per unit.

Status of clearance of the forthcoming projects of NHPC is as under:

As we shared in our last call, all the formalities for the takeover of 500 MW Teesta VI hydroelectric project have been completed and we have already made the payment



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against consideration of Rs. 897.50 Crores and Lanco Teesta Hydro Power Projects Limited is now fully owned subsidiary of NHPC. Now, we are in the process of tendering for award of the works. The estimated completion cost of the projects is Rs. 5748 Crores with an anticipated levelised tariff of Rs. 4.07 per unit.

In respect of Dibang Multipurpose Project of 2880 MW, investment approval towards the pre-investment activities for Rs. 1600 Crores has been accorded out of which we have already released Rs. 629 Crores for the forest etc. Further, Ministry of Environment, Forest & Climate Change, Government of India has already accorded Forest Clearance (Stage 1) and Environmental Clearance. The anticipated cost of the project is Rs. 30671 Crores out of which Rs. 4627 Crores is to be met from grant towards flood moderation. Levelized tariff based on the anticipated cost is Rs. 4.64 per unit.

Pre investment clearance for Teesta IV HEP 520 MW in Sikkim is already available. The FRA compliance is underway. The anticipated cost of the project is Rs. 5879 Crores and the estimated levelized tariff based on the anticipated cost is Rs. 5.23 per unit.

Other highlights of the company for the 9 months of FY2020 are as under:

MOU has been signed on September 25, 2019 with Government of Himachal Pradesh for execution of 449 MW Dugar H.E. Project located in Chamba District.

On realization front, NHPC has received Rs. 5531 Crores from beneficiaries against sale of energy during 9 months of FY2020 as compared to Rs. 4407 Crores in the corresponding period of previous year. Trade receivables as on December 31, 2019 stands at Rs. 3779 Crores as against Rs. 2685 Crores as on March 31, 2019. The major receivables are PDD J&K Rs. 1406 Crores, Uttar Pradesh Power Corporation Rs. 1274 Crores, Punjab State Power Corporation Rs. 165 Crores, West Bengal State Electricity Distribution Company Rs. 154 Crores and Jodhpur Vidyut Vitran Nigam, Rajasthan Rs. 153 Crores and others Rs. 627 Crores. This makes a total of Rs. 3779 Crores and this includes dues of more than 45 days amounting to Rs. 2951 Crores.

On joint-venture front with Government of J&K, Pakaldul H.E. Project of 1000 MW is already under active construction phase with estimated cost of Rs. 8112 Crores and Kiru H. E. Project of 624 MW has already received investment sanction from Government of India with



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estimated cost of Rs. 4288 Crores. We plan to invest Rs. 250 Crores for Pakaldul and Kiru Project towards our equity contribution during the current financial year 2019-2020.

We have already signed MoU with JKPDD and JKSPDC (J&K State Power Development Corporation) for execution of Ratle H.E. Project of 850 MW and the proposal for investment approval is submitted to MOP with the estimated cost of Rs. 5282 Crores and the levelised tariff of this project is Rs. 3.85 per unit.

As already mentioned by CMD Sir, NHPC has emerged as a successful bidder for Jal Power Corporation's Rangit Project of 120 MW in Sikkim with a bid price of Rs. 165 Crores. Estimated completion cost of this project is around Rs. 1000 Crores.

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

Moderator: Thank you ladies and gentlemen. We will now begin with the question and answer session. The first question is from the line of Rahul Kumar from India Capital Fund. Please go ahead.

Rahul Kumar: Good afternoon, many thanks for the opportunity and congratulations for the good set of number. Sir, you have



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given notice on January 31, 2020, that you are planning to raise around Rs. 1000 Crores through ECB. So what is the use of this particular debt at this stage and what is our cost of borrowing and how much debt we have in the books as on December 31, 2019? What is the cost of the fund plus you have talked about some of the trade receivables from state electricity boards, so how much of them are more than 3 months old and what kind of recovery initiatives your NHPC finance team has done to recover the payment since some of them are really old, what we believe?

M. K. Mittal: Alright. Mr. Rahul Kumar are you asking about the Rs. 1000 Crores notice, which we have recently issued in the last week, you are asking about that?

Rahul Kumar: Yes.

M. K. Mittal: See, we need to make some payment of more than Rs. 500 Crores toward acquisition of land. Further, we need to spend more than Rs. 600 Crores on Subansiri Lower Project and Parbati II Project in the remaining roughly 45 days of the current year. So our CAPEX requirement for the remaining 45 days is almost Rs. 1500 Crores and to meet the CAPEX requirement of these projects, we are going to raise Rs. 1000 Crores for which we have already intimated to the exchanges and this money will be raised only if there is shortfall in cash, if we



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are unable to get the receivables in time and as a matter of fact we have got this sanction from the Board. Further, our cost of loans as of now is 6.50%, which is one of the lowest in the power sector and our Long Term Borrowings as on December 31, 2019, are of the order of Rs. 18887 Crores. As I mentioned the rate of interest is 6.5% only and secondly regarding receivables, as mentioned we have receivables of almost Rs. 3800 Crores as on December 31, 2019. We have written to the Ministry of Power that the central plan allocation should be invoked under the tripartite agreement. The tripartite agreement is already there, which is signed by J&K and UP, who are the main defaulters, the total dues from these two states alone are more than Rs. 2500 Crores and we are seeking intervention of the Ministry. Our Honorable Secretary of Power has written to the chief secretaries of both these states to make the payments to the NHPC and in case we are not able to realize the money we may have to go for invoking the tripartite agreement through which the Government of India may adjust the release of central plan allocation funds to the states and make payment to NHPC. It is in the hands of the government, we can only make efforts.

Rahul Kumar: Sir, with all regards, if you see your annual report, I am just going through 4 years back, our loan was Rs. 18000



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Crores, last year it was Rs. 17000 Crores in the long-term borrowing and this time on December 31, 2019, you are saying the figure is around Rs. 18900 if I have heard it correctly?

M. K. Mittal: Rs. 18887 Crores.

Rahul Kumar: So, another Rs. 1000 Crores you are going to borrow, which means we are going to touch Rs. 20000 Crores, which was never there in the history of NHPC?

M. K. Mittal: In the history of NHPC, we have never incurred CAPEX for Rs. 5000 Crores, which we are likely to incur this year. We have already acquired one company, Lanco Teesta for Rs. 900 Crores, we have made the payment of Rs. 900 Crores for that company. We have made payment more than Rs. 600 Crores for Dibang Multipurpose Project and we are spending a lot of money in Subansiri Lower, Parbati - II and other projects. We are investing some money in Pakaldul Project also. Let me give you the update that we have already spent more than Rs. 3600 Crores till January and we are



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likely to cross Rs. 5000 Crores by the end of the year. So that kind of CAPEX has not been there, last year our CAPEX was around Rs. 2200 Crores only, prior to that our CAPEX was around Rs. 2700 Crores only.

Rahul Kumar: I came to your AGM in 2017, where one of the Board member had commented that this will be reduced. We will not focus on the new expansion until and unless the debt will be reduced to the range between Rs. 14000 crores to Rs. 15000 Crores, I got that recording also. If you see your return on capital employed or net profit to sales of energy that is decreasing on a moving average basis, so what is the management efforts to improve first of all for the recovery of trade receivable and to reduce the debt in the next two years? Can you tell us how much would be net debt two years down the line?

M. K. Mittal: I think it's a matter of perception. Debt is not a negative thing let me tell you first of all. Borrowing money for CAPEX, for your business expansion is not hitting your profitability. Interest on these borrowing will get capitalized to the new project and so this not going to affect our profitability.

Rahul Kumar: Same is going to capitalized in your project cost at the end of the day you need to pay the interest to the issuer?



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M. K. Mittal: Right. We are not going to pay from our profit or loss account. It is not going to affect the ROE or neither return on capital employed and let me update you that the return on equity for 9 months, last year it was 7.08% and this year the return on equity for 9 months is 8.50%. So there is almost 1.50% increase in the ROE in the 9 months and inspite of the higher borrowing. ROE is increasing because profit is higher by Rs. 486 Crores and it is not a very small number. Last year 9 months PAT was Rs. 2138 Crores, this year we have reported a PAT of Rs. 2624 Crores, so if we are borrowing higher, we are reporting higher figures of profit also.

Rahul Kumar: Yes, Sir. Thanks a lot.

Moderator: Thank you. The next question is from the line of Mohit Kumar from IDFC Securities Limited. Please go ahead.

Mohit Kumar: Good afternoon Sir. Two question, first is the 2000 MW tender of solar power is in our balance sheet or this is just for like SECI?

M. K. Mittal: See this 2000 MW solar power is not on the balance sheet of the company. It is on the developer mode like SECI as you rightly mentioned. This is basically on trading margin basis.

Mohit Kumar: Secondly, on the Subansiri Lower, Jal power and Teesta - VI, all these three projects are on schedule in the sense, are the tendering activity complete, second on the Jal power, what is the timeline, what is the capex you require?

Ratish Kumar: Regarding Teesta - VI, all the tenders have been issued, major civil tenders have been opened, and we are in the process of evaluation, which will we be awarded very soon to commence the work and we should be able to achieve the target of scheduled construction target of 60 months from the date of CCEA. In regards to Subansiri Lower Project, work is going on in full swing. Major critical activity in Subansiri Lower Project is dam; civil contractor is already working and monthly targets are being achieved even more than what we had planned and work is going on as per schedule. We should be able to commission this project as planned and as scheduled. Regarding Jal Power, the process of acquisition is going on. We have been declared as a highest bidder. The award by NCLT is awaited. We have already started feasibility, which will be followed by PIB and CCEA approval in the near future. I think we have 6 months to do that job, so we are as per schedule in respect of all these things.

Mohit Kumar: One clarity on Subansiri Lower Project, I believe the tender has been cancelled?

Ratish Kumar: Yes, in Subansiri Lower Project, earlier tender was floated and later it was terminated as we failed to award because of problems with HCC and the high prices. Now we have gone for the re-tendering again, the effect of this re-tendering is around 3 months now, but this work is not that critical and we have reduced the timeline for this tender and we are hopeful that we will match the schedule after this tender and award will be finalized. So, no effect is anticipated because of the cancellation of this tender.

Mohit Kumar: Also, for the Dibang Project actually there was tender, only one person turned up and could delay when there is less participation?

Ratish Kumar: No. If you see, all the tenders are very high value tenders. There is a tender called for diversion tunnel tender. There are multiple diversion in the Dibang. During the process of pre-investment, we had issued the tender for diversion tunnel and after 2 to 3 extension we could get only one participant that is L&T and happy to announce that we could get the prices which is around 12% to 13% less than the estimate. Because this depends on the capability of the civil contractor and fortunately we got L&T who are well competent and financially good contractor, this shall be awarded soon after we receive the approval of the



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government for the full cost of Dibang Multipurpose Project.

Mohit Kumar: Understood and on the Teesta VI can we expect all the awarding to happen by March?

Ratish Kumar: You see in Teesta VI major and critical works are civil works only and out of those civil work, most critical package is Dam and Tunnel construction package and that package is in advance stage. We are trying to award this package before March itself. This should happen and rest of the contracts shall follow one by one. Hydro mechanical and electro mechanical tenders award will follow since these are not critical.

Mohit Kumar: Last question, what is your status on renewable projects, is there any large pipeline, which we are thinking of in terms of FY2021?

M. K. Mittal: On the renewable side, we have gone for the tender of 2000 MW Solar Power projects and we have got a number of bids and if the rates are found reasonable we are hopeful that this 2000 MW may come in the next year. In addition to that we have been given a mandate of 500 MW Solar Power Projects by the MNRE under CPSE scheme and we are going to seek the investment approval from the Government very soon. Our board has cleared the proposal



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in the last meeting held on February 7, 2020 and we are approaching the Government on that. We have some plan to setup Solar Power Project in Odisha and Telangana and we are in the process of dialogue with the both the Governments and some projects may come up in the next year in these two states as well particularly Odisha where the things have gone ahead and we have floated a tender also.

Mohit Kumar: Understood, Thank you.

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

Dhruv Muchhal: Thank you. Sir, on the CAPEX, you mentioned for FY2020, now you are probably doing about Rs. 5000 Crores. In the last call you had given for about Rs. 3800 Crores, what is driving the swing?

M. K. Mittal: We have a higher CAPEX in Subansiri Lower Project and we have higher CAPEX in Parbati - II also and as mentioned, we are going to spend additional expenditure in Dibang Multipurpose Project, because in Dibang we are likely to spend more than Rs. 1100 Crores this year and earlier we targeted only Rs. 300 Crores, now we are expecting that the land award may be issued within this year and we may be able to incur Rs. 500 Crores on



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Dibang project and besides that we are going to invest Rs. 250 Crores equity in Chenab for Pakal Dul and Kiru project. So that is broad reason that this number may be touching Rs. 5000 Crores.

Dhruv Muchhal: I think Chenab earlier mentioned, so what is driving the swing is Dibang because Dibang earlier it was Rs. 300 Crores now it about Rs. 1100 Crores?

M. K. Mittal: And Subansiri Lower Project also.

Dhruv Muchhal: Sir, in this Rs. 5000 Crores you are also including the payment, which you have made for Teesta VI for the acquisition?

M. K. Mittal: Yes, Rs. 900 Crores is already paid. Our target for this year for Lanco Teesta VI is Rs. 950 Crores.

Dhruv Muchhal: Sir, similarly for FY2021, last time you had given Rs. 6500 Crores, so should we assume any change there or remains same?

M. K. Mittal: In next year our revised target is around Rs. 5310 Crores and you want the project wise number?

Dhruv Muchhal: If you can share for FY2021?

M. K. Mittal: You want project wise?

Dhruv Muchhal: Yes, for FY2021.

M. K. Mittal: For Kishanganga we are targeting Rs. 120 Crores for remaining work, for Parbati II Rs. 881 Crores, Subansiri Rs. 1965 Crores, and Dibang Rs. 409 Crores, Teesta IV Rs. 764 Crores, Tawang II Rs. 72 Crores, Wind Power Rs. 53 Crores, Solar Power Rs. 328 Crores, R&M works Baira Siul Rs. 68 Crores, R&M works of Loktak Rs. 18 Crores, Pakal Dul Rs. 200 Crores, Kiru Rs. 200 Crores, Kwar Rs. 100 Crores and Teesta VI Rs. 100 Crores and that makes around Rs. 5310 Crores.

Dhruv Muchhal: So, Rs. 5310 Crores for FY2021?

M. K. Mittal: Yes.

Dhruv Muchhal: Just to understand on Dibang, we are spending Rs. 1100 Crores and next year about Rs. 400 Crores, so this is largely to do with preliminary activities or for what purpose?

M. K. Mittal: Around Rs. 630 Crores for forest payment which we have already made and more than Rs. 500 Crores we are going to make payment for land, so that is Rs. 1100 Crores. Then we are going to make some payment for construction of roads and creating access to the site in next year, we hope that CCEA clearance will come and some field work will start. We are going to make some mobilization advance



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payment, so we are targeting almost Rs. 400 Crores next year on the Dibang Project.

Dhruv Muchhal: Got it, Sir. Secondly on the consolidated numbers, if you look at the consolidated number, there is a huge amount in the deferred tax line item about Rs. 680 Crores, so what is driving that significant amount and how is it impacting the consolidated numbers?

M. K. Mittal: Deferred tax?

Dhruv Muchhal: Yes.

M. K. Mittal: Deferred tax on consolidated basis is Rs. 665 Crores.

Dhruv Muchhal: Yes.

R. P. Goyal: Actually, our subsidiary NHDC Limited has recognized MAT credit in the books of accounts. Company is going to come under normal tax, so that is the reason for negative deferred tax.

Dhruv Muchhal: So, on PAT basis there is no impact.

R. P. Goyal: Yes.

Dhruv Muchhal: Sir, if you can give the numbers of NHDC for Q3?



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M. K. Mittal: I have the total numbers, last year the profit was Rs. 367 Crores and this year it has increased to Rs. 733 Crores almost doubled.

Dhruv Muchhal: This is for 9 months?

M. K. Mittal: 9 months, the profit is Rs. 733 Crores, so profit is almost double that what we had last year.

Dhruv Muchhal: And last thing, employee cost increase for Q3, you mentioned is Rs. 98 Crores because of employee wage increase. Now if I take Rs. 98 Crores, your employee cost is about Rs. 350 Crores that comes to about 27% increase, so what is driving for the huge increase?

M. K. Mittal: You are talking for Q3?

Dhruv Muchhal: Yes.

M. K. Mittal: As I mentioned, there are three element in the employee cost which are having the increase/ decrease impact. last year we paid Rs. 190 Crores on account of pay scales regularization that is one thing, secondly this quarter there is a reduction due to superannuation of employees for Rs.39 crore and thirdly there is an increase towards increments, DA etc. We are supposed to pay 5% of Profit as PRP for employees and 65% of that is payable on the normal profits and 35% is payable only if we have

incremental profits. Last year we did not had any incremental profit, so only 65% of 5% was paid. Till Q2, we did not anticipated any incremental profit this year and accordingly did not provide any incremental PRP. In this Q3, now it is evident that there will be incremental profit. So there is a additional provisioning for the PRP, which is almost Rs. 60 Crores approx. and because of that one time adjustment of Rs. 60 Crores is happening.

Moderator: Thank you. The next question is from the line of Prashant Shiv Sagar from Unived Corporate Research. Please go ahead.

Prashant Shiv Sagar: Good afternoon Sir. Congratulations on your appointment as Managing Director Sir. Just one question, you said that Subansiri Lower Project execution is going on in swing. Just wanted to check because of recent disturbances, where the work was halted?

Ratish Kumar: Yes, little disturbance was there, you mean to say NRC.

Prashant Shiv Sagar: Yes, NRC.

Ratish Kumar: There were little disturbances, but there was nothing in the vicinity of our projects. The work mostly suffered I think for 4 to 5 days where the roads connecting to this projects were stopped otherwise there is no effect on the projects and the work is going on.



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Prashant Shiv Sagar: That was my question. Thanks a lot, Sir and best of luck.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Rupesh Sankhe for his closing comments.

Rupesh Sankhe: Thanks Mr. Ratish Kumar for giving us an opportunity to host this call. We also thank all the investors and the analyst for joining for this call. Thank you.

Ratish Kumar: Thank you very much. Thanks a lot.

Moderator: Thank you. Ladies and gentlemen, on behalf of Elara Securities Private Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.