



NTPC Limited

(A Government of India Enterprise)
CORPORATE CENTRE

Ref. No.:01/ FA/ISD/Compliance/2020-21

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Sub: Disclosure of impact of COVID-19 Pandemic

In pursuance of the SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020, please find enclosed disclosure of anticipated impact of COVID-19 Pandemic on business of the Company.

Yours faithfully,

(Aditya Dar)

Chief General Manager (Finance)



Impact of COVID-19 pandemic on NTPC

Due to outbreak of COVID-19 globally and in India, NTPC has made initial assessment of likely impact on business and financial risks which are as follows:

- a) The Company is in the business of generation and sale of electricity which is an essential service. The Company has ensured the availability of its power plants to generate power and has continued to supply power during the period of lockdown. However, for the short-term period the demand of power is expected to be lower and accordingly, the Company may have to operate its power plants at lower load factor, however, as per the regulatory framework of business this would not have a significant impact on profitability.
- b) Ministry of Power (MoP) directed CERC to reduce the rate of late payment surcharge (LPSC) for the payments which become delayed beyond a period of 45 days (from the date of presentation of the bill) during the period from 24 March 2020 to 30 June 2020, to contain the impact of COVID-19. On these directions CERC has issued order whereby it has been directed that LPSC shall apply at a reduced rate of 12% instead of normal rate of 18% on payments becoming overdue during the said period. Due to the above, there was no impact on the profits for the year ended 31 March 2020.
- c) Company had informed vide disclosure dated 17 May 2020 that MoP has informed, in light of the announcements under the AATMANIRBHAR Bharat special economic and comprehensive package, including liquidity infusion to DISCOMs for exclusive purpose of discharging liabilities of DISCOMs to power generating companies, that all Central Public Sector Generation Companies may consider to offer following rebate to DISCOMs for the lockdown period:
 - Deferment of capacity charges for power not scheduled, to be payable without interest after the end of the lockdown period in three equal monthly instalments.
 - Rebate of about 20-25% on power supply billed (fixed cost) to DISCOMs.

Keeping in view the above, the Company vide its disclosure dated 10 June 2020 had informed that the Board of the Company has decided for deferment of capacity charges of ₹ 2,064 crore to DISCOMs, to be payable without interest after the end of the lockdown period in three equal monthly instalments and a rebate of ₹ 1,363 crore on the capacity charges billed during the lock-down period to DISCOMs on account of COVID-19, in financial year 2020-21. The above amounts are provisional and may vary due to reconciliation of related data.

The Company believes that the impact is likely to be short term in nature. Moreover, the above referred economic and comprehensive package is expected to improve the realization of the company against the outstanding dues of DISCOMs due to liquidity infusion.

- d) RBI has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institutions, during the period of COVID-19. Pursuant to the above, the company sought moratorium on payment of instalments, falling due up to 30 June 2020, on term loans availed from banks and financial institutions.



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- e) No significant delay is envisaged in construction activities in projects on account of COVID-19. Since the Company is operating under regulatory environment, the Company is confident that cost implications, if any, would be suitably addressed while determining tariff for such projects.
- f) Ministry of New and Renewable Energy (MNRE) has issued office memorandum dated 17 April 2020 stating the time extension in scheduled commissioning date of Renewable Energy projects considering disruption due to lockdown time and additional thirty days for normalisation after end of such lockdown. There has been delays in domestic and international supplies during the lockdown period. The Company has been taking up with all agencies to minimize the delays in project implementation. Since contracts for all RE projects are awarded by NTPC on fixed price basis, the possible time extension accorded to vendors, is not likely to have any financial impact.
- g) The Internal Control over Financial Reporting has not been affected despite the country level lockdown since the company has been using SAP ERP platform for more than 12 years now. Moreover, the company has also implemented GRC (Governance, Risk and Compliance) system which ensures various process controls through automated monitoring/review of internal control system. Moreover, the already implemented paperless office model has ensured smooth working of routine functions during the lock down period. The company has initiated and implemented a remote working model which is working well.

The management does not anticipate any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.
