“NTPC Limited Q4 FY-21 Earnings Conference Call”

June 19, 2021

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MR. D.K. PATEL – DIRECTOR (HUMAN RESOURCES)
MR. RAMESH BABU V – DIRECTOR (OPERATIONS)
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Moderator: Ladies and gentlemen good day and welcome to the NTPC Limited 4Q and FY21 Earnings Conference Call hosted by Motilal Oswal Financial Services. 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. Should you need assistance during the conference call, please signal an 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. Aniket Mittal from Motilal Oswal Financial Services. Thank you and over to you sir.

Aniket Mittal: Thank you Rutuja. On behalf of Motilal Oswal Financial Services, I welcome you all to the Q4 and annual FY21 earnings conference call of NTPC. The senior management of NTPC led by Director (Finance), Mr. A.K. Gautam, joins us today. Without further ado, I would now hand over the call to Mr. Gautam and would request him to introduce the management team, followed by his opening remarks and the Q&A session. Thank you and over to you sir.

A. K. Gautam: Thank you Aniket. A very good evening to everybody. I, A. K. Gautam, Director (Finance), welcome all of you to the Q4 FY21 Con Call of NTPC Ltd. NTPC continues to provide unstinting support to the nation by ensuring uninterrupted supply of power even during the second wave of COVID 19 recently witnessed by India.

Before I move further, I would like to introduce Shri Dillip Kumar Patel Director (Human Resources), Shri Ramesh Babu V., Director (Operations), Shri Chandan Kumar Mondol, Director (Commercial) and Shri Ujjwal Kanti Bhattacharya, Director (Projects). I also have with me other key members of NTPC team.

Today, the Company has announced the audited financial results for FY21 along with the unaudited financial results for Q4 FY21. The Key Performance Highlights for the financial year and quarter ended 31 March 2021 have also been disclosed on both the stock exchanges.

<u>Operational Highlights for Q4/12M FY21</u>

1. NTPC standalone and Group recorded highest annual and quarterly generation in FY21. NTPC's standalone gross generation in Q4 FY21 is 77.63 Billion Units as compared to 68.27 Billion Units in the corresponding previous quarter and for FY21 it is 270.91 Billion Units as compared to 259.62 Billion Units in the corresponding previous period, registering an increase of 13.71% and 4.35% respectively.

   Gross Generation of NTPC Group in Q4 FY21 is 91.67 Billion Units as compared to 76.01 Billion Units and in FY21; it is 314.07 Billion Units as compared to 290.19 Billion Units in corresponding previous period, registering an increase of 20.59% and 8.23% respectively.

NTPC standalone and Group recorded highest day generation of over 990.65 Million Units and 1.19 Billion Units on 20 March 2021 and 19 March 2021 respectively.

2. In Q4 FY21, we have added 1975 MW commercial capacity which included 800 MW at Gadarwara, 660 MW at Meja, 300 MW at NEEPCO, 210 MW solar capacity at Bilhaur and 5 MW solar capacity at Auraiya. After running for 54 years, operations of 460 MW Talcher Thermal Power Station have been discontinued w.e.f. 31 March 2021.

   With these, the commercial capacity of NTPC has become 51725 MW on standalone basis and 64490 MW for the Group as on 31 March 2021.
3. NTPC group, being a leader in the Power Sector, has strong commitment towards Renewable Energy and would be targeting RE capacity of 60 GW by FY32. Our Board has already approved a business plan in this regard. NTPC Group has already commissioned 1350 MW of RE projects under EPC mode. 2884 MW of solar projects including ongoing projects of NTPC REL are presently under implementation and 3298 MW are under various stages of tendering.
4. For FY21, 4 coal stations of NTPC were among the top 10 performing stations in the country in terms of PLF. It includes Korba with 93.66%, Sipat with 90.12%, Rihand with 89.04% and Vindhyachal with 88.73% PLF.
5. NTPC flagship units Singrauli Unit-1 and Korba Unit-2 recorded highest annual PLF of 100.40% & 100.06%.
6. During FY21, PLF of coal stations of NTPC was 66.00% as against the National Average of 54.56% thereby maintaining a spread of over 11%.
7. During the period, we have suffered losses due to grid restrictions and fuel supply:
   - The generation loss due to grid restrictions in Coal based stations was 94.12 Billion units in FY21. For the gas-based stations, the loss was 28.29 Billion units.
   - The generation loss because of fuel supply constraints was 0.18 Billion Units in FY21.
8. Status of Fuel Supply:
   - During the FY21, Materialisation of coal against ACQ was 86.87% as against 92.95% in FY20.
   - Coal supply during FY21 was 170.37 MMT, comprising of 169.29 MMT of domestic coal and 1.08 MMT of imported coal. The coal supply during the corresponding previous period was 173.67 MMT, with 170.67 MMT of domestic coal and 3 MMT of imported coal.

9. Despite COVID 19 pandemic and stoppage of work for about 94 days at Pakri-Barwadih mine, NTPC has achieved a total coal production of 11 Million Metric Tonnes (MMT) during FY21 (FY20- 11.15 MMT)

   Cumulatively 32.36 MMT coal has been excavated from Pakri-Barwadih, Dulanga and Talaipalli coal mines till 31 March 2021.

   Cumulative expenditure of ₹ 8,182.87 crore has been incurred on the development of coal mines till 31 March 2021.

10. A MoU was signed between DVC and NTPC Renewable Energy Limited for setting up of Floating Solar PV Park and projects in the reservoirs under the command areas of DVC in Jharkhand and West Bengal. These projects are under the UMREPP and CPSU schemes of the Ministry of New and Renewable Energy, GoI.
11. Project management consultancy assignments under ISA platform was secured for 500 MW in Republic of Mali in June 2020 and 100 MW in Republic of Malawi in March 2021. Very recently, Cuba has also appointed NTPC as PMC for 900 MW solar park. With this, the total capacity under implementation is now 1785 MW including earlier secured 285 MW with Republic of Togo.
12. NTPC has collaborated for international business through signing of MoUs with EGENCO, Malawi, IOCL, Inter RAO Exports of Russia, Bank Muscat of Oman and Masen of Morocco. Through this route, NTPC intends to have more effective presence in the respective focus-regions so as to contribute further in the power sector development.
13. Environmental Management- Initiatives for preserving Environment:-
    - Flue Gas Desulphurisation Systems (FGD) are under various stages of implementation for the 64.39 GW of group capacity. FGD systems have already been commissioned for 1340 MW capacity. FGD system packages for 58.94 GW capacity are under implementation and FGD system packages for 4.11 GW capacity are under various stages of tendering.
    - For compliance with NOx control, Combustion Modification has already been implemented at 16 units with 7.44 GW of Thermal Power capacity, supply and installation of low NOx combustion system for 14 GW of capacity is under implementation.

<u>Financial Highlights</u>

- Gross Sales of FY21 is ₹99,039.63 crore as against previous year Gross Sales of ₹ 97,443.33 crore, registering an increase of 1.64%.

- Total Income for FY21 is ₹ 103,552.71 crore as against previous year Total Income of ₹ 100,478.41 crore, registering an increase of 3.06%.
- For FY21, NTPC has registered its highest ever PAT of ₹ 13,769.52 crore, as against ₹ 10,112.81 crore in the corresponding previous year, registering an increase of 36.16%.
- For FY21, the Board has recommended final dividend @ 31.50% of paid-up capital i.e. @ ₹ 3.15 per share, subject to the approval of shareholders in the ensuing Annual General Meeting in addition to the interim dividend @ 30% of paid-up capital i.e. @ ₹ 3 per share already paid in February 2021.

An update on various other financial activities:

The regulated equity as on 31 March 2021 was ₹ 66,337.94 crore.

Total Assets The total assets of the company stood at ₹ 343,219.39 crore as at 31 March 2021 as compared to ₹ 327,667.45 crore as at 31 March 2020.

The Gross Block has increased by ₹ 18,659.35 crore to ₹ 211,557.37 crore as at 31 March 2021, mainly because of capitalization of new units.

Capital Work in Progress including advances stood at ₹ 80,679.63 crore as at 31 March 2021 as compared ₹ 77,881.03 crore as at 31 March 2020. At the Group level CWIP including advances stood at ₹ 1,05,778.44 crore as at 31 March 2021 compared to ₹ 105,411.92 crore as at 31 March 2020.

Fund Mobilization

- During Q4 FY21, NTPC has issued Bonds with a door to door maturity of 10 years aggregating to ₹ 2,500 crore at attractive coupon of 6.43% p.a. on 27 January 2021.
- NTPC has signed a syndicated term loan in Euro equivalent to US$260 million on 23 March 2021 with a consortium of State Bank of India, Frankfurt Branch, Bank of Baroda, IFSC GIFT City Branch and Sumitomo Mitsui Banking Corporation, Singapore Branch. The facility has a door-to-door maturity of 7 years.
- Average cost of borrowing for FY21 is 6.24% as compared to 6.81% in FY20.

CAPEX

- In FY21, we have incurred a CAPEX of ₹ 20,338.68 crore on standalone basis and total group CAPEX of ₹ 33,981.64 crore.
- The Capital outlay for FY22 on standalone basis has been estimated at ₹ 23,736 crore for NTPC.

Commercial

- NTPC has realized more than 100% of the billed amount crossing rupees one lakh crore during the year which is the highest ever realization.
- Further, the trade receivables are maintained at a level of 50 days sales.

Now, I will briefly touch upon some of NTPC Group Companies

- **NVVN**, our trading subsidiary, transacted 18.54 Billion Units during the FY21 as against 14.53 Billion Units during the FY20 registering a growth of 28%. This is highest ever-trading volume achieved by NVVN.
- NVVN has signed a MoU with South Delhi Municipal Corporation (SDMC) for implementing roof top solar project(s) and 20 MW ground mounted solar project along with charging infrastructure development.
- CIL NTPC Urja Pvt. Limited (CNUPL) bagged its first assignment of project coordination for setting up a 50 MW Solar Power Project in Nigahi Coal Mine of Northern Coalfields Limited (NCL). It is a major step towards Green Energy by two major PSUs, NTPC and CIL, joining hands, to create such projects utilizing CIL's vacant land and NTPC's expertise. NTPC will act as Project Management Consultant for this solar project.
- During the FY21, we have accounted dividend income of ₹ 1,283.18 crore from our Subsidiaries and Joint Venture Companies as against ₹ 210.40 crore received during FY20.

NTPC continues to win laurels and awards in various fields; major awards received in Q4 FY21 are as follows:

- NTPC received 'Role Model' Award at 11th CII National HR Excellence Award 2020-21. This award is the highest level of recognition in the field of Human Resource by CII. This is the second time, when the award of role model has been conferred to any organization. This award has been given after a period of 10 years to any organization.
- NTPC Ltd. has been conferred with the Certificate of Appreciation for the Best Corporate Social Responsibility Practices & COVID 19 Relief.
- NTPC has been conferred CSR Leadership Awards under the category "Best Corporate Social Responsibility Practices" by World CSR Day Organisation.
- NTPC has been awarded for innovative training practices by ISTD. NTPC has won the prestigious ISTD award in L&D for innovative training practices for the year FY19 and FY20.

- NTPC has ranked as No. 1 buyer by GeM under CPSE category. NTPC has also achieved second rank under number of distinct products on GeM during FY21.

These were some of the highlights I wanted to share before we begin with the question and answer session.

Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from DAM Capital.

Mohit Kumar: My first question is other income is way too high and the finance cost is slightly lower Q-o-Q and employee benefits expense are also low Q-o-Q and Y-o-Y. Can you please explain the reason behind it?

Management: Other income is high because of increase in late payment surcharge income and dividend income from the joint venture and subsidiary companies. Now, employee cost has decreased mainly due to retirement of the employees and higher PRP and ex-gratia in the previous year. Coming to interest and finance charges, the decrease is mainly on account of positive exchange difference because of rupee appreciation against the USD and JPY but against this decrease, a corresponding minus entry is also appearing in the regulatory income. Therefore, you have to consider both the items together. If you consider that, there would be minimal decrease in the interest and finance charges.

Mohit Kumar: My second question is on the renewable capacity. What is the renewable capacity, operational and in pipeline at end of FY21 with PPA? Secondly, what do you mean by capacity under tendering? Does it mean the 3 GW of capacity which is under tendering has got a PPA or this is without PPA.

Management: The installed capacity today is 1365 MW and the capacity under construction is 3019 MW. All of these have PPAs except 125 MW. The capacity under tendering does not have a PPA right now.

Moderator: The next question is from the line of Ajinkya Bhat from Macquarie.

Ajinkya Bhat: I just wanted to check a couple of things. Number one, did you say that the renewable capacity target has now been increased to 60 GW by 2032?

Management: Yes.

Ajinkya Bhat: On that background, just a couple of things. Number one, your earlier target was to reach 30-32 GW with total installed capacity of 130 GW. Now that goes to 60 GW and total capacity goes to 160 GW. Even 10 years down the line, your renewable capacity would be about 40% of installed versus 60% thermal. That is still probably not meeting the criteria of various ESG funds. Have you thought about it? Is there any plan or thought process about some sort of spinoff of this renewable portfolio going forward? Obviously, it might be too early to talk about it but have you thought about it or discussed about it within the board?

Management: It has already been mentioned that NTPC has created a wholly owned subsidiary for renewables, which is now operational and all of our new renewable capacity is being put out through this subsidiary only.

Ajinkya Bhat: I understand you have a separate subsidiary but is there any plan or thought process about spinning it off in the sense that listing it separately.

Management: Yes, we are thinking on those lines.

Ajinkya Bhat: The second question is how has been the competitive intensity in the renewable tenders that are out in the market, especially considering the fact that some of the other PSU companies, such as Coal India have also expressed desire, they are also getting into the solar power plants and in renewables the biggest cost item is the interest cost where all the PSUs might be on a similar footing, enjoying better cost of debt compared to private operators. Other PSUs getting into it, is that increasing competitive intensity for you? That is my last question.

Management: That is there but still NTPC is in the advantageous position so far as arranging of low-cost finances are concerned. Therefore, that advantage is always available with NTPC and with this; we expect that we will get some priority in the tenders.

Ajinkya Bhat: No specific increase in competitive intensity from other PSUs or at least not yet is what you are saying.

Management: We are not thinking on those lines.

Moderator: The next question is from the line of Vishal Biraia from Aviva Insurance.

Vishal Biraia: Why was the borrowing limit enhanced? Are there any acquisitions in store? Could you give the composition of FY22 CAPEX that you outlined at about Rs.23,000 crore?

Management: Actually, the borrowing limit enhancement has been done considering the upcoming merger of two of our subsidiary companies that is Nabinagar and Kanti with NTPC. Their borrowings will be accordingly included in NTPC books. In addition, we have also increased this for any potential acquisitions, which we may carry out.

Vishal Biraia: Any targets for CAPEX for FY23 that you can point out?

Management: We are working at something like Rs.22,000 crore right now but we are in the process of preparing our BE for FY23. The numbers will be clearer by end of August.

Moderator: The next question is from the line of Rahul Modi from ICICI Securities.

Rahul Modi: Just two questions, mainly on RE. Any timelines on the CPSU tender which we were expecting over the next 2-3 or 4 months, what are the quantum of tenders both solar and wind hybrid if we are participating in, that could potentially come up for bidding?

Management: The CPSU scheme tender has been postponed to 30 June and we expect that bid submission day can be expected by 30 June, so we are hopeful that it will happen then. As regards the upcoming tenders, given the pipeline, we are looking at bidding of around close to 5000 MW in the upcoming tender. Of course, the results will depend on how the bids work out.

Moderator: The next question is from the line of Atul Tiwari from Citi Group.

Atul Tiwari: Will it be possible to share consolidated regulated equity?

Management: It will be around Rs.84,000 crore.

Atul Tiwari: What was the total receivables and overdue receivable as of FY21?

Management: Total receivable as on 31st March was Rs.13,702 crore and beyond due date was Rs.6,500 crore.

Atul Tiwari: What were these numbers last financial year, March '20, just for comparisons?

Management: March '20 total dues were Rs.15,615 crore and overdue amount was Rs.9,585 crore.

Moderator: The next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: The first one, could you elaborate on your target of 60 GW by 2032 and the roadmap to achieving that? Can we have a 2-year target or a 3-year target as well? Particularly because we have heard of targets on the solar and renewable side for 2022, 4 or 5 years back but clearly we are nowhere close to achieving that. Also have you reviewed your thermal targets over a 10 year timeframe and what can we expect over a 3-to-4-year timeframe beyond what is already under construction? That is my first question.

Management: In FY21 - 1 GW, FY22 - 3 GW, FY23 - 8 GW, FY24 - 14 GW. These are cumulative numbers.

Sumit Kishore: Your capacity by FY24 will be 14 GW is what I understand.

Management: Yes.

Sumit Kishore: And FY22, what did you say?

Management: 3 GW.

Sumit Kishore: Basically, you are saying that you are going to get to 14 GW by FY24 from 1365 MW as on date; you are going to add 13 GW in the next 3 financial years. What do you think is the size of the Indian market on an annual basis in terms of solar installation? I am assuming FY24, 14 GW will be your installed capacity. We are at 95 MW as a country on renewables. 40 GW is solar, so please tell us by FY24 what you think the Indian solar capacity will go from 40 GW to. Because it appears like a very big number for NTPC to do versus past record of accomplishment.

Management: I think, you are asking a very speculative question. Broadly, the Government of India is to bid out close to 20 GW every year. However, how much of that actually comes through depends on how the things work out maybe by the agencies like SECI and others.

Sumit Kishore: If you take 20 GW it will be 60 GW in 3 years of which NTPC will do 13 GW so that is the market share that we should be looking at?

Management: I think that is not correct assumption. When we are talk about 14 GW, we need to assume that these are the capacities which will come on line which means some of these capacities are already won or under implementation and some of these will be under bidding. Therefore, it is a mix of both.

Sumit Kishore: On thermal side, can you please tell us, have you renewed your thermal target over the timeframe of 2032 or the old target remains because we are clearly seeing that the appetite for fresh coal plant build out has gone off meaningfully? I was meaning to say by 2032 when earlier you had a target of 130 GW by 2032, has that target now become 160 GW by 2032 as in your thermal capacity addition plans have not changed at all or have they changed?

Management: We have not changed our total capacity plan of 130 GW by 2032 so far because we are waiting for the study of the constituted committee under CEA with the Government of India to look at the demand and supply projections. Once that comes in maybe in a year or so, we will look into our number and accordingly restructure it.

Sumit Kishore: My second question is on the impact of implementation of MBED on NTPC. Could you also cover the potential impact on PLF incentives or savings on interest on working capital? The technical challenges which are foreseen in implementation of MBED starting 1 April 2022.

Management: Government of India has given the guidelines. I think detailed procedure is yet to be evolved and there are certain issues which will be addressed, in the detailed procedure. As far as NTPC is concerned since our fixed charges are already protected, we do not envisage there will be any impact in case of MBED.

Sumit Kishore: Basically, you think that April '22 is a timeline that can be met or do you foresee delays?

Management: No, we cannot say that right now because this will all depend on whether DISCOMs will be giving consent to this or not because ultimately, they have to give consent because they have to have working capital upfront for making payments.

Sumit Kishore: Finally, thanks for the dividend of Rs.6.15 in FY21. Could you articulate your dividend policy here on? What percentage of profit or how do you see the payouts going forward in light of the CAPEX plan that you have?

Management: Actually, our dividend policy is governed by the DIPAM guidelines, which says 30% of profits or 5% of net worth whichever is higher. Therefore, we will continue to follow those guidelines.

Sumit Kishore: But seeing you are already doing better than those guidelines. I was wondering whether those guidelines were relevant when there is no dividend tax applicable on the dividends.

Management: No, those guidelines are very much relevant. In addition to that, we have also done buy back of 2% of our paid-up capital in FY21.

Sumit Kishore: I think because the NTPC have actually done better than the DIPAM guidelines, so that is why I was saying whether we should stick to the DIPAM guidelines or should have an independent NTPC dividend payout policy.

Management: As of now, it is DIPAM guidelines.

Moderator: The next question is from the line of Girish Achhipalia from Morgan Stanley.

Girish Achhipalia: I have a couple of questions. Firstly, on the renewable side, before the monetization of subsidiary happens is it fair to assume that all your renewable assets wherever you're raising debt will continue to be in the standalone parent entity and you'll continue to have some advantage on the cost to borrow?

Management: For renewable energy we have created a separate subsidiary namely NTPC Renewable Energy Limited. As it is a wholly owned subsidiary, we expect that it will enjoy similar rates of interest as NTPC is getting from the market.

Girish Achhipalia: Right now, you are outsourcing EPC, is there a possibility, as the size of the renewable tenders become bigger, that you develop in-house renewable capacity in terms of EPC and O&M?

Management: EPC will continue, but we are looking at separate packages so that we can buy some items separately also. That has already started happening in one or two tenders. However, going ahead that may also be considered as competition grows. O&M is already being done in-house by NTPC.

Girish Achhipalia: Third one is on dividends, is there a thought process on quarterly dividends going forward from this year onwards, any light that you can share on that?

Management: As of now, we are not considering that.

Moderator: The next question is from the line of Anuj Upadhyay from HDFC Securities.

Anuj Upadhyay: I have two-three questions, first on the under-recovery. Could you just mention what was the under recovery for FY21 vis-à-vis last year?

Management: It is Rs.601 crore in FY21 as against Rs.249 crore in the previous year. In Q4 FY21 it is Rs.31 crore as against recovery of Rs.130 crore in the corresponding previous quarter.

Anuj Upadhyay: Any specific reason for the rise in the under recovery because initially the management has guided that probably we would settle out at somewhere close to Rs.350 to 400 crore in FY21.

Management: Under recovery is mainly in three stations i.e., Darlipali, Lara and Kahalgaon. Darlipalli and Lara are new units, hence there were some initial stabilization issues, and we had some leakages in the boiler tubes and some issues in turbine, so therefore we have had under recovery. In case of Kahalgaon, there was a Ash Dyke issue and we had to stop some of our units, but all these have now been settled and these stations are back to normal and are running above 85 % PAF. In addition to that, because of COVID, overhauling time in two stations was extended and we're approaching CERC with the petition and we hope to get around Rs.26 crore back on that. Therefore, majorly three stations contributed around Rs.550 crore to under recovery.

Anuj Upadhyay: Could you throw some light on the capacities, which are likely to achieve COD in FY22 and FY23?

Management: For FY22 we have a domestic thermal capacity addition target of 2370 MW on standalone basis and another 1860 MW at our group companies.

Anuj Upadhyay: So, you mentioned doubling of the renewable target to 60 gigawatts, is this by 2032?

Management: Yes.

Anuj Upadhyay: So, by far we are aware that the major solar plants are coming up in Gujarat and Rajasthan and now as we have doubled our target, could you just mention which are those areas where we are eyeing this major capacity to come up?

Management: Yes, you are right the main capacities will come up in Gujarat and Rajasthan. However, we are also eyeing Andhra Pradesh and Maharashtra. Nevertheless, we are quite hopeful that Rajasthan number will increase further as more clarity comes from the government side on lease land. Therefore, these areas will largely contribute as they have the best potential.

Anuj Upadhyay: One last question, while the quarter has displayed a significant double-digit growth in PAT, but that is not being reflected on the revenue front. Can you throw some light on that because even EBITDA has remained flat, so the earnings growth is largely skewed by higher other income and the tax credit in the year.

Management: Actually, if you see EBITDA alone, you cannot compare because certain portion of the 'Vivad se Vishwas' Scheme has reduced the sales in the quarter. Therefore, that is to be excluded because the corresponding item is appearing in the provision for tax. If you eliminate both then you can arrive at the actual EBITDA.

Moderator: The next question is from the line of Subhadip Mitra from JM Financial.

Subhadip Mitra: What is the adjusted PAT number for FY21?

Management: It is Rs. 14218.07 crore for FY21 as against Rs.12173.49 crore in the previous year.

Moderator: The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund.

Dhruv Muchhal: In the segmental accounting, you have two segments the generation and others, the others have a significant drop this year on a full year basis, and so what is causing this? Generally, it is s consistent number but this time it has come down significantly. It used to be around 500 odd crore number, this time it is negative 34 crore.

Management: We have created some provisions with respect to coal mines.

Dhruv Muchhal: So, in adjusted PAT number you have adjusted for that number.

Management: Yes.

Dhruv Muchhal: You had earlier mentioned that the other income is high because of dividend income, but if I look at the consolidated other income that number is also decently high about 1,500-1,600 crore against the run rate of 500-600 crore?

Management: I had said that other income is high because of two reasons; one is dividend form JV & Subsidiary companies and second is late payment surcharge income. While dividend is eliminated in consolidated accounts, late payment surcharge income will continue to appear in both the consolidated as well as standalone accounts. Our group companies are also getting surcharge income.

Dhruv Muchhal: What is the late payment surcharge income in 4Q?

Management: In the current year, ended 31 March 2021 it is Rs.2,316 crore as against Rs.1,633 crore in the previous year ended 31 March 2020. If you see for the quarter, it is Rs.621 crore in the current quarter as against Rs.393 crore in the corresponding previous quarter.

Dhruv Muchhal: Two small questions, one was on the Telangana issue. I read in your note that you have an NGT order, so is that stopping the work and would this result in a delay in the project execution?

Management: No. We have already approached to the Supreme Court of India against the order of NGT.

Dhruv Muchhal: So, the work is not stopped, the case can continue and by the time, you can continue to work on it?

Management: That has happened in Kudgi also.

Dhruv Muchhal: The last question was on the RE business. This is similar to what one participant asked earlier. We have done a reasonable work in the solar segment and have gotten some edge there. Nevertheless, it seems to be minimal in the wind or in the storage side, so do you see that as a hurdle for us or if not, then how are we preparing for wind or storage because that has not been there for us in the past?

Management: Yes. We are looking at wind also as well as hybrid and storage. These are things, which will depend on how many bids do come out. Therefore, depending on that, we are working on this side as well and we are trying to tie up with government for parcels of land, which have a reasonable or decent wind potential.

Dhruv Muchhal: But as such getting hybrid contracts and executing them versus what you were doing in solar you do not see that as a hurdle or as a significant challenge.

Management: Every project is a challenge that way, so you cannot say that solar projects are not a challenge. However, whether it is solar or wind, we engage capable parties to execute that so we do not see that really as a challenge.

Moderator: The next question is from the line of Mohit Kumar from DAM Capital.

Mohit Kumar: My first question is, are we looking to tender out Lara, Talcher and Singrauli? Do you think it will be postponed given the current environment? Second question is, are we achieving ramp rate in all the stations? I think the ramp rate regulation kicked in from April '21. Do you see any adverse impact on the profit because of that? Third is, what are we trying to ensure so that under recovery is reduced to bare minimum in FY22?

Management: We are achieving the ramp rates except in the Barauni 110 MW unit and Vindhyachal 210 MW units. Other than these units, we are achieving the ramp rate, so therefore we do not see any adverse impact on profit because of ramp rate. Regarding AFC under recovery at Lara and Darlipalli, we have constituted a special team for improving the quality during construction. Secondly, for averting Kahalgaon type of incident we have made a team at our corporate center, so that more compliance and supervision will be there and we would be able to eliminate the AFC under recovery on that account. Regarding Talcher, Lara and Singrauli expansion, Talcher we are almost ready. We are looking for Government of Odisha permission and clearances while final discussion with the bidders are on. Regarding Lara, we are awaiting environment clearance from Ministry of Environment and Forests. For Singrauli we have received the clearance. We are preparing the specifications. However, with one rider as I said, that we are waiting for the CEA committee to come out with the Indian scenario by 2030. In the meanwhile, we are ramping up our RE capacity and giving more stress on the greener power. We will go by the CEA study and try to take that forward. This is the position today.

Moderator: Thank you. That was the last question. I would now like to hand over the conference over to the management for closing comments.

A.K. Gautam: Thank you very much. We have paid a decent dividend this year and we hope that we will continue to pay good dividend to our investors in the future also. Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services, that concludes this conference. Thank you for joining and you may now disconnect.