



“NHPC Limited Q1 FY22 Earnings Conference Call  
hosted by Elara Securities Private Limited”

**August 16, 2021**



**MANAGEMENT:** **MR. A. K. SINGH – CHAIRMAN AND MANAGING  
DIRECTOR, NHPC LIMITED**  
**MR. Y. K. CHAUBEY – DIRECTOR (TECHNICAL),  
NHPC LIMITED**  
**MR. R.P. GOYAL – DIRECTOR (FINANCE),  
NHPC LIMITED**  
**MR. B. BASU – DIRECTOR (PROJECTS),  
NHPC LIMITED**  
**MODERATOR:** **MR. RUPESH SANKHE – ELARA SECURITIES PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to NHPC Q1 FY22 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. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rupesh Sankhe from Elara Securities Private Limited. Thank you and over to you, Sir.

**Rupesh Sankhe:** Good morning everyone. On behalf of Elara Securities, we welcome you all for the Q1 FY22 conference call of NHPC. I take this opportunity to welcome the management of NHPC represented by Mr. A. K. Singh – Chairman and Managing Director, Mr. Y. K. Chaubey – Director (Technical), Mr. R.P. Goyal – Director (Finance) and Mr. B. Basu – Director (Projects).

We will begin the call with a brief overview by the management followed by 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. Good morning friends. The NHPC Board has adopted financial results for the period ended 30<sup>th</sup> June’21 in its meeting held on 13<sup>th</sup> August’21 and the same has already been communicated to exchanges. By now, I hope you all would have got chance to go through the quarterly set of numbers.

First, I will just touch upon major highlights and then detailed analysis of the result shall be discussed by our Director (Finance), Shri. R.P Goyal.

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

During Q1 FY22, our power stations have achieved generation of 7,243 MUs vis-a-vis 8,109 MUs generated in the corresponding period of the previous year which is about 11% lower i.e. 866 MUs. This is mainly due to the lower water availability and complete shutdown of Sewa-II Power Station w.e.f. 25<sup>th</sup> September'20, the restoration work is under progress.

Our PAF for the Q1 FY22 stands at 91.42% against the corresponding previous period PAF of 90.98% showing marginal increase.

During Q1 FY22, Company has earned Revenue from Operations of Rs. 2,170 crore as against Rs. 2,519 crore in the corresponding previous period which is about 14% lower i.e. Rs. 349 crore. During Q1 FY22, Company has earned PAT of Rs. 912 crore vis-a-vis Rs. 723 crore of corresponding previous period which is up by Rs. 189 crore i.e. 26% approximately.

On physical front, as we have shared, active construction work at Subansiri Lower Project has fully resumed w.e.f. 15<sup>th</sup> October'19 after clearance by Hon'ble NGT and work at site is going in full-fledged manner. I am glad to share that all Functional Directors have visited the site on 6<sup>th</sup> and 7<sup>th</sup> August'21 and reviewed the actual progress at site. We had a comprehensive meeting with all the engineers of NHPC and the other stakeholders of the project

working at site. I am very much satisfied with the pace of work and I am very hopeful that we can commission two units by August'22. The full commissioning of the project is expected by August'23.

We have already shared that unit I & II of Parbati-II HE Project were got synchronized on 28<sup>th</sup> and 29<sup>th</sup> April'20 respectively. Further, Unit III & IV of Parbati HE Project were also resynchronized with the grid on 6<sup>th</sup> and 7<sup>th</sup> July'20 respectively. We are trying to complete the remaining tunneling works with the help of Tunnel Boring Machine and Drill Blast Method both to complete the project by March'23.

In respect of Dibang Multipurpose Project, Forest Clearance Stage-II Approval has been granted and Investment Approval towards pre-investment activities of Rs. 1,600 crore has been obtained. Further, draft PIB memo based on the cost estimates at August'20 price level has been cleared by CEA on 23<sup>rd</sup> June'21. However, Ministry of Power has directed NHPC to update cost estimates at the latest price level and submit the same to CEA for vetting. The cost estimates have been updated on May'21 price level and the same is under examination by CEA. The estimated cost of the project is Rs. 32,066 crore.

As we have already shared that NHPC had emerged as a successful bidder with a bid of Rs. 165 crore in respect of Jal Power Corporation Limited's Rangit-IV Project (120 MW) in Sikkim. The Hon'ble NCLT, Hyderabad approved NHPC's Resolution Plan vide its order dated 24<sup>th</sup> December'20. The Definitive Agreement for implementation of the Approved Resolution Plan was signed on 13<sup>th</sup> January' 21. The Government of India on 30<sup>th</sup> March'21 accorded investment approval for acquisition of JPCL.

The balance work of the project will be completed in the period of 38 months. Letter of Award has been issued in respect of the Balance Hydro Mechanical works on 28<sup>th</sup> June'21. Tendering is under the process in respect of the Balance Civil Works and Balance E&M Works. The estimated cost of the project is Rs. 938.29 crore.

In respect of Ratle Hydroelectric Project in J&K (850 MW), an MoU was signed on 3<sup>rd</sup> February'19 for implementation through a Joint Venture between NHPC & JKSPDCL. The supplementary MoU to the initial MoU has been signed on 3<sup>rd</sup> January'21 in line with the recommendations of the PIB. Ministry of Power vide letter dated 11<sup>th</sup> February'21 has conveyed the Government Investment Sanction for implementation of Ratle Hydroelectric Project at an amount of Rs. 5,282 crore. The new JV i.e. Ratle Hydroelectric Power Corporation Limited has been incorporated on 1<sup>st</sup> June'21 in which NHPC holds 51% share. The levelized tariff of the project is Rs. 3.92 per unit. Tendering for EPC contract for the project is in progress.

As we have already shared that MoUs have been signed with Jammu Kashmir State Power Development Corporation Limited on 3<sup>rd</sup> January'21 for acquisition of Kirthai-II (930 MW), Sawalkot (1856 MW), Uri-I (Stage-II) (240 MW), Dulhasti (Stage – II) (258 MW) and Ratle (850 MW) in Union Territory of Jammu and Kashmir. Kirthai-II HE Project shall be implemented by CVPPL, a Joint Venture between NHPC and JKSPDCL while Sawalkot, Uri-I (Stage-II) and Dulhasti (Stage II) shall be executed by NHPC. Ratle HE Project shall be executed through a separate JV “Ratle Electric Power Corporation Limited”.

We have signed MoU with Bihar State Hydroelectric Power Corporation on 14<sup>th</sup> June'21 for implementation of 130.1 MW Dagmara Hydroelectric Project in Supaul District of Bihar. The project is the largest hydropower project in Bihar and shall be implemented by NHPC on ownership basis. As per MoU, Government of Bihar has consented to sign the PPA for 100% power to be generated. Further, Government of Bihar has sanctioned a grant of Rs. 700 crore for the project. DPR of the project has already been submitted and is under examination of CEA/CWC. The estimated cost of the project is Rs. 2435.91 crore.

As shared earlier that 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 (UMREPP) Scheme of MNRE. MoU was signed with Odisha for 500 MW on 20<sup>th</sup> July'20. The project will be developed by a Joint Venture between NHPC and the GEDCOL. In Principal Approval has been obtained from MNRE on 8<sup>th</sup> December'20 for setting up 100 MW Floating Solar in Rengali Reservoir by the proposed JV Company under Solar Park Scheme. DPR for the same has been prepared and is under finalization.

Development of Solar Power Projects in other states like Uttar Pradesh and Rajasthan has also been explored. In Principal Approval has been obtained from MNRE for development of 1,200 MW Solar Park Scheme by Bundelkhand Saur Urja Limited on 17<sup>th</sup> September'20 under Ultra Mega Renewable Energy Power Parks (UMREPP) mode of the Solar Park Scheme in the Jalaun District of Uttar Pradesh. Land acquisition, connectivity approval and award of work for DPR preparation are in process by BSUL.

Further, Ministry of Power vide letter dated 20<sup>th</sup> June'21 conveyed its 'No Objection' for setting up 600 MW Solar Project in EPC mode by NHPC inside UMREPP subject to approval of Government. Land identification of 2,800 acre at Deorah, District - Jaisalmer, Rajasthan through Expression of Interest has been completed.

Besides above, we are also in process of development of 50 MW Floating Solar Power Project in Kerala and 140 MW Solar Park in Odisha. In respect of 140 MW Solar Park, Power Purchase Agreement (PPA) has been signed between NHPC and State Discom, GRIDCO on 19<sup>th</sup> May'21 for 40 MW Solar PV Project in Ganjam District and LOA for EPC Contract has been issued to M/s Tata Power Solar Systems Limited on 24<sup>th</sup> May 21. In Principal Approval has been obtained from MNRE on 8<sup>th</sup> December'20 for setting up of 50 MW Floating Solar Power Project in Kerala under Solar Park Scheme. Tendering for execution of the project is under process.

This is all from my side. Now I would request, our Director (Finance), Shri Goyal to discuss the financial results in detail. Thank you.

**R.P. Goyal:**

Good morning Friends. I am going to share with you detailed quarterly set of numbers with the detailed analysis.

The NHPC Board has adopted Q1 FY22 financial results for the period ended 30<sup>th</sup> June'21 in its meeting held on 13<sup>th</sup> August'21 and the same has already been communicated to exchanges.

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

During Q1 FY22, our Power Stations have achieved generation of 7,243 MUs vis-a-vis 8,109 MUs generated in corresponding period of previous year which is about 11% lower in comparison to corresponding period of previous year.

Our PAF for Q1 FY22 stands at 91.42% against the corresponding previous period PAF of 90.98% which is slightly higher.

For Q1 FY22, the company has earned Revenue from Operations of Rs. 2,170 crore as against Rs. 2,519 crore in the corresponding previous period which is about 14% lower. The decrease in revenue is mainly due to decrease in Energy Charges by Rs. 97 crore in comparison to corresponding period of previous year and decrease in Revenue from Power Trading Business by Rs. 211 crore.

Other income for Q1 FY22 is of the order of Rs. 203 crore vis-a-vis Rs. 86 crore during the corresponding previous period which is about 136% higher. This is mainly due to increase in Late Payment Surcharge by Rs. 11 crore and higher Dividend Income of Rs. 82 crore from one of our subsidiary i.e. NHDC.

During Q1 FY22, the Generation Expenses have come down from Rs. 291 crore to Rs. 262 i.e. by Rs. 29 crore which is mainly due to lower water cess on account of lower generation in our J&K Power Stations.

During Q1 FY22, the Employee Cost has come down from Rs. 326 crore to Rs. 317 crore resulting in saving of Rs. 9 crore. The decrease is mainly due to superannuation of employees which is partly offset by increase due to DA, increment, promotion etc.

During Q1 FY22, there has been decrease in the Finance Cost from Rs. 147 crore to Rs. 134 crore resulting in saving of Rs. 13 crore which is mainly due to change in rate of interest by Rs. 5 crore and repayment of loans by Rs. 8 crore.

During Q1 FY22, the Depreciation and Amortization Expenses have come down from Rs. 330 crore to Rs. 279 crore i.e. saving by Rs. 51 crore. This is mainly due to completion of 12 years of life of Teesta-V Power Station in FY 2020-21 and adjustment of the depreciation at TLDP-III Power Station in current quarter which has been accounted as Finance Lease for this financial year.

During Q1 FY22, Other Expenses have gone up from Rs. 274 crore to Rs. 312 crore i.e. increase of Rs. 38 crore. This is mainly due to increase in R&M Expenses by Rs. 6 crore, increase in Security Expenses by Rs. 11 crore and increase in Insurance Expenses by Rs. 12 crore.

During Q1 FY22, no exceptional item has been reported. During the corresponding previous period, an exceptional item of Rs. 185 crore on account of one-time COVID rebate was passed on to beneficiaries due to pandemic of COVID-19.

During Q1 FY22, we have earned PAT of Rs. 912 crore vis-a-vis Rs. 723 crore of corresponding period which is up by Rs. 189 crore i.e. 26% increase and the reasons for increase or decrease in the line items, we have just discussed in the forgoing paragraphs.

During Q1 FY22, Incentives Position are as under:

There is a PAF based Incentive to the tune of Rs. 135 crore in this first quarter of current year as against Rs. 148 crore in the

corresponding quarter of previous year. There is a decrease of around Rs. 13 crore in the PAF based Incentive.

Second incentive is Deviation Charges. We have earned Rs. 38 crore as Deviation Charges in current year's first quarter as against Rs. 35 crore in the corresponding quarter of previous year. So, there is an increase of around Rs. 3 crore in the current year in the Deviation Charges. So, total of both the incentives is Rs. 173 crore in current year as against Rs.183 crore in the previous year.

CAPEX during Q1 FY22 is Rs. 952 crore as against Rs. 646 crore in the corresponding period of previous year.

The Board of Directors has recommended the payment of Final Dividend at the rate of 3.50% (Rs 0.35 per equity share) in addition to Interim Dividend at the rate of 12.50% (Rs. 1.25 per equity share) resulting in total dividend at the rate of 16% (Rs. 1.60 per equity share) on the face value of paid-up equity shares of Rs 10/- each for the Financial Year 2020-21.

The anticipated cost of Parbati-II Project is Rs. 9,898 crore out of which we have already spent Rs. 9043 crore till June, 2021. The estimated levelized tariff based on the anticipated cost is Rs. 5.58 per unit as of now.

The revised cost of Subansiri Project now stands at Rs. 19,992 crore out of which we have already incurred Rs. 13,799 crore till June, 2021. The estimated levelized tariff based on the anticipated cost is Rs. 5 per unit.

Other major highlights of the company are as under:-

On realization front, NHPC has received Rs. 1,100 crore from the beneficiaries against sale of energy during Q1 FY22 as compared to Rs. 997 crore in the corresponding period of previous year. Trade receivables as on 30<sup>th</sup> June'21 stands at Rs. 4,062 crore as against Rs. 3,206 crore as on 31<sup>st</sup> March'21. The major receivables as on 30<sup>th</sup> June'21 are as follows:-.

J&K – Rs. 1,594 crore, West Bengal – Rs. 925 crore, UP – Rs. 599 crore, Punjab – Rs. 313 crore, Rajasthan – Rs. 141 crore and others – Rs. 490 crore.

Position of outstanding for more than 45 days are:- . J&K – Rs. 1,350 crore, West Bengal – Rs. 776 crore, UP – Rs. 183 crore, Punjab 30 crore, Rajasthan – Rs. 3 crore and others – Rs. 87 crore, thus totaling to Rs. 2429 crore.

This is all from my side. Now, the floor is open for Question and Answer.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Mohit from DAM Capital. Please go ahead.

**Mohit:** Sir first question is on the commissioning deadline for Subansiri and Parbati-II and the second part of question is regarding projects which are likely to be tendered out in this fiscal year and have we completed the tendering of Dibang and Lanco Teesta?

**A. K Singh:** For Subansiri Project, as I have already told you that we have already planned to commission two units by August'22 and despite of the COVID effect also, the work has never been stopped at site. Although the progress is not so good, but the work was continued.

All the contractors have been geared up and they have mobilized most of the things there. They are doing round the clock work. So, we are very hopeful and confident that by August'22, we will be commissioning two units of the Subansiri.

As far as the Parbati-II Project is concerned, the progress has been going on in excellent manner since last 5-6 months. But in one of the face, all of the sudden huge quantity of water came in the tunnel. So, there were some problem in the tunnel and now that has been resolved. Hopefully, in next 10 days, we will be able to remove all this water and do the treatment. So, Parbati-II Project is also going well and the way things are moving, we are very confident that by December'22, we will be commissioning Parbati-II. But it may get delayed by two months. We have been keeping internal target of December'22, but for everyone we are keeping the target of March'23 for the Parbati-II Project.

In case of Dibang Project, we have already tendered one package for the Diversion Tunnel and we are waiting for some land issue there. Now, the issue has been resolved with the State Government and we have filed a joint affidavit in the court and just waiting for the next date. Once it is cleared, we will immediately start tendering for Dibang Project.

We have taken 500-MW Dugar Project on Chenab River in Himachal Pradesh. Around 23 clearances are there out of which roughly 17 clearances have been taken and we are planning to go for the tender by end of the December'21. Likewise in Dagmara also, all the things are in advance stage. Some examination is going on at Central Water Commission about the project. DPR has been submitted. It is under process of checking and we are planning

Dagmara also to go for the tender in January or February during this financial year and in case of other projects, we are floating such tenders for Solar Projects. We have already issued tender for 600 MW in Rajasthan and hopefully within two days, we are going to tender a 600 MW in Tamil Naidu on our own CAPEX mode. This is all for the next tenders in NHPC.

**Mohit:** So, what about Ratle Hydroelectric Corporation. Can I expect tendering in this financial year or we expect the tendering to happen in next financial year?

**A. K Singh:** The Ratle tender has all been floated. This is a separate Joint Venture. The Board is there from our side and from the State Government side. So, whatever the initial issues were there, they have been resolved and tender has been floated for EPC Contract. Contractor has already started visiting the site and hopefully, we are targeting this to award before December.

**Mohit:** Sir, lastly on the dividend and buyback. Is there something we can expect higher dividend/ buyback compared to last year or how should we see the payout in the coming years?

**R.P. Goyal:** As you know, we have approved dividend policy of the company which is as per the DIPAM guidelines. So, we will follow our policy of distributing dividend. In respect of distributing higher dividend, there is an issue as we are in the CAPEX mode and expansion mode. We have to incur CAPEX from internal accruals for equity portion. So I think, it is not possible to pay higher dividend in comparison to the approved policy. So far buyback is concerned, we have no plan to go for buyback.

**Moderator:** Thank you very much. The next question is from the line of Rohit from Antique Stock Broking. Please go ahead.

**Rohit:** Sir sorry to hop on the same question again, but what was the total expenditure we have incurred on Lower Subansiri by end of Q1 22?

**R.P. Goyal:** The expenditures in Subansiri up to July'21 is 13,904 crore and it was 13,354 crore at the end of March'21. So, there is an increase of around Rs. 600 crore.

**Rohit:** Similarly, Parbati-II. What was the total amount spent till the end of Q1 FY22, June 21?

**R.P. Goyal:** At the end of March 21, it was 8,826 crore and now it is Rs. 9,143 crore. So, there is an increase of around Rs. 300 crore during this Q1 period.

**Rohit:** Sir on Teesta-IV (520 MW), we have already received some statutory clearances. You are expecting some stage II for its clearance, any idea where is the progress over there?

**A. K Singh:** For Teesta-IV, we have already held number of discussions with the State Government. Even last week also, I met the Chief Minister of Sikkim. The Chief Minister has also met our Hon'ble Minister and has already promised that he will do it at the earliest. During last week of this month, he has called me and they are in the discussion with the villagers there also. So hopefully, they are in the process and they are on a very positive way to resolve the issue. It is not a big issue, but they want to take all the people along so that once the project is started, there should not be any problem. So, they want to resolve these issues. Although some delay is there,

but most of the people have already accepted. Just 5 to 10 people are there who need to be convinced by the State Government. I am going in the last week during this month for further discussion. Hopefully, we will be able to resolve this.

**Rohit:** Sir in Dibang project, we had some land acquisition issues which are under sub-judice. What is the status over there?

**A. K Singh:** As I just told earlier that in Dibang, there was some issue in the award of the land. So, the issue was raised by us in the Court and since last one year, a number of meetings took place in the Ministry at Honorable Minister level , Chief Minister level, Chief Secretary level, Secretary of the Ministry of Power level along with NHPC and finally, the things have been resolved. Joint Affidavit has been filed in the court. We are just waiting for a date in the court.

**Rohit:** Sir, finally on solar project. We already have MoU signed with Odisha for moving 500 MW and we have UP MoU as well to do 1.2 GW. So, overall what will be the Solar Portfolio over next three years, any long-term guideline?

**A. K Singh:** We have already kept target of 5,000 MW for next three years, but as yesterday Prime Minister asked everyone and set the target of 4,50,000 MW in the country and 1 lakh MW has already been commissioned. So, target of at least 25,000 MW from all sides, not in next three years but definitely in next 7-8 years. We are already on the job and we are going to make one subsidiary at NHPC for the sale of Renewable Energy only so that the decisions and the work would take faster pace. So, we are already in advance stage in case of the solar.

**Rohit:** Sir if I may be excused, one more questions sir. We had some news about monetization. Government is coming up with a proposal to divest some assets across GENCOS. So, is it true for NHPC? I mean, is there any development of that sort?

**A. K Singh:** It is definitely under discussion and we are also examining our proposal because the Government wants that we should put more CAPEX and develop more projects there in Solar and Hydro. Even in Hydro Pipeline also, we are doing approval with State Government to get some bigger size project in Arunachal like Lower Subansiri and we are doing number of projects there. So still, we need a huge CAPEX. The Government is also of the opinion that we should monetize some of the projects, not by 100%, but some share of the project. So, we are working on it, but all the interest of our investors and other stakeholders shall be taken care of. This is very primary stage. We are just trying to get some information and knowledge about how to do it. So, nothing is final as such.

**Rohit:** Sir just to touch upon, you said renewable side over the next three to five years target. So, what will be the ownership, I mean you will own and how much be acting as an intermediary in the developer in the discom?

**A. K Singh:** Actually, we are going to put our own CAPEX with all the projects we are talking about. So, the Solar projects are under ownership basis only because in trading case, we have gone for 2,000 MW earlier, but now we are not going for anymore in respect of trading. We are going to develop the projects on our own and we will have the PPA with discoms for that.

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

**Dhruv:** Sir, just on the Parbati, a couple of quarters back, you mentioned about the pace of the tunneling work. I believe it was happening at about 100 meters per month and you expected to reach to about 200 meters per month. So sir, where are we on that run rate?

**A. K Singh:** Actually, the balance tunneling is only 1.3 kilometer now and the since last 6 months, we have been touching more than 170-180 meter. So, it was going in a very good way, but nobody can predict in the tunnel. It is around 1,200 meter snowbound area. So, we do not know the issues immediately we face in the tunneling and it is a problem in the Parbati-II. But from TBM side, we are able to do tunneling which is although not going very fast, but going on slowly and steadily and from other side, we are doing excellent work i.e. around 130 meter in one month has been done at 5 kilometer inside the tunnel. I think, that is one of the best tunneling ever done by NHPC. So, we hope that the problem is going to be resolved very soon. We will be doing in the same way again, but the issue is only balance 1,300-meter tunnel in Parbati-II.

**Dhruv:** So, when you say 170-180, that is from both sides when you are considering both sides together. Now you are tunneling from both sides, right?

**A. K Singh:** Yes, from both sides.

**Dhruv:** So, if we continue at this rate, it is about maximum 8 odd months if no other issue is developed. Maximum 8 odd months for the tunneling work to be over. So probably, early next year it should be over?

**A. K Singh:** Exactly and we have designed something special for the lining work also so that lining can be done within 4-5 months which normally takes one year time. So, we are already putting our all-technical knowhow and doing the best effort in Parbati-II.

**Dhruv:** So, lining happens after the tunneling or it happens together, is it so or I mean that happen separately?

**A. K Singh:** In case of TBM, it happens together. But in case of Drill Blast Method, first we have to drill the tunnel and excavation is to be done, then we will start the lining.

**Dhruv:** Sir, the second question was on Teesta and the Jal Power project that we had acquired. What is the progress there and I also wanted to understand that these projects now are about 6 to 9 months back since they have been acquired and we have taken over the debt also. So, what happens to the debt amount? Do we capitalize that debt amount? These two questions. One is about the progress and what happens to the finance cost?

**R.P. Goyal:** So far, we have not taken any debt for these two projects i.e. Rangit-IV and Teesta-VI. We have just given equity from our internal accruals.

**A. K Singh:** In respect of the progress of Teesta-VI, at the barrage work the contractor has mobilized and all fronts allotted to him, the work is going on smoothly. In the Powerhouse work, Hydro Mechanical contractor is there and they have already been doing some work at site. At the same time, they are verifying the material which was put for number of years in the store. So, that is in the process. In case of one of the packages which was terminated because the contractor was not mobilizing So then, further tender floated.

Some clearances were required from the Ministry and I hope, it will almost be finalized within a week time. They are going to give the clearance so that we can further award one of the package left out. So, work is going on and there is scope of picking up the progress in Teesta VI.

In case of Rangit-IV, one package has been awarded. Other package has also been tendered, bids have been received and qualification has been done. We are waiting for the clearance from MHA and it is also clubbed with the Teesta VI clearances only. So, we are going to get the clearances very soon and we will be able to start both of these projects in full swing after around three months' time.

**Dhruv:** Sir, can you remind us what was the amount that we paid for Teesta because I thought there was some debt also that we acquired along it?

**R.P. Goyal:** No, we have not acquired any debt. We have paid to the tune of total Rs. 900 crore to the previous lender.

**Dhruv:** And everything works through equity?

**R.P. Goyal:** Yes.

**Dhruv:** Sir, the last thing. You mentioned that now you are developing projects or the solar projects now will be on your own CAPEX models that is very nicer because trading does not help us in any sense. So, two things sir, I believe we are doing EPC work. You have issued tenders for 600 MW in two places. I believe, they are EPC contracts. So, have won the tender, I mean have we won PPAs for these projects or the PPAs are still pending?

**A. K Singh:** Actually, we have got the consent. We have fixed the upper limit of say Rs. 2.55 per unit and we have already got the consent of more than 800 MW. We are developing for 600 MW. Since the tender is going to be floated within 2-3 days, then again it will go further in the market and with the discom. So, PPA less than Rs. 2.50 per unit is not an issue in the solar. We are very hopeful that we will get all this PPA done with the various discoms and then only, we will award the packages. It is not that without PPA, we are not going to award anything. But we have got the consent up to Rs. 2.50 per unit for more than 800 MW.

**Dhruv:** I mean on principal kind of basis, you have spoken to discoms and they are comfortable at that kind of rates so once that is done you award the EPC work or you get the PPAs you will develop about the EPC contract also, so then this will not go under the normal tender route say for example what you used to do earlier, will it not be that portion I mean will it not be a bidding based system where you get the contract?

**A. K Singh:** Actually, we are going for the EPC contract through reverse auction. It is bidding only, so in reverse auction, whosoever is the lowest one will get the EPC Contract and we are keeping our Return on Equity and IRR i.e. Return of Equity should be around 14% and IRR should be 10%. So, within this framework, we are working for our solar projects.

**Moderator:** Thank you very much. The next question is from the line of Aniket Mittal from Motilal Oswal. Please go ahead.

**Aniket Mittal:** Sir firstly if you could provide the breakup for CAPEX on a project wise basis for FY22 and FY23 that that will be helpful?

**R.P. Goyal:** Breakup of CAPEX for FY21-22 is as follows:-

Parbati-II – Rs. 1057 crore, Subansiri Lower – Rs. 2209 crore, Dibang Project – Rs. 636 crore, Teesta-IV – Rs. 431 crore, Dugar – Rs. 54 crore and Solar Power Projects – Rs. 460 crore. Bairasuil and Loktak Power Stations where R&M work is going on – Rs. 39 crore and Rs. 75 crore respectively, Floating Solar Project in Odisha – Rs. 90 crore, Ultra Mega Renewable Energy Power Project (600 MW) in Rajasthan –Rs. 370 crore, Solar Projects under CPSU Scheme – Rs. 1,600 crore. One more Solar Project in Odisha – Rs. 200 crore. Floating Solar, Telangana – Rs. 500 crore. This is all about the CAPEX for FY21-22.

In addition to these Standalone Projects, we have planned CAPEX for our Joint Venture Projects in the shape of equity i.e. Chenab Valley for Pakal Dul Project – Rs. 100 crore, Kiru – Rs. 200 crore and Kwar – Rs. 100 crore. Then, Teesta-VI which has been acquired by NHPC from Teesta Lanco – Rs. 300 crore and for Rangit-IV – Rs. 118 crore which has already been awarded. Lastly, Ratle – Rs. 200 crore. This is the breakup of CAPEX of 9100 crore in FY21-22. Our CAPEX for FY 2022-23 will also be in the range of Rs. 8000 crore. Breakup of the CAPEX for FY 2022-23 is not available right now. We will provide the same to the analysts later on.

**Aniket Mittal:** Sorry to hop on this solar point once again and you have mentioned quite a few schemes here, in terms of the UMREPP Scheme, the Floating for Telangana one, the Odisha one. In all the schemes, how much of these CAPEX should be on our books and how much is something that is happening on a developer mode and hence being executed by someone else?

**R.P. Goyal:** These are our Standalone Projects and this will be the CAPEX from our side and not in the developer mode.

**Aniket Mittal:** So, in your CAPEX breakup you mentioned is solar project scheme of around 1,600 crore, right?

**A. K Singh:** Yes, this is for CPSU Scheme.

**Moderator:** Thank you very much. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

**Rahul Modi:** Sir, I have a follow up question. Sorry to hop on the same thing, just got little confused with because we are doing quite lot now in solar. Sir, can you just elaborate once more as how many MoUs that we have signed e.g. you mentioned 600 MW and then you subsequently mentioned with Telangana and many other in Odisha. So, if you can just elaborately tell us once that what are the MoUs or LOA signed that will be very helpful and including the CPSU tender. So, I also want to understand little more on the reverse auction that you mentioned because there is one tender where you are also participating in the Madhya Pradesh tenders, so there are various types of tenders going around in the market now. There is CPSU Tender, so how are these different from when you are talking about reverse auction and is other PSU or private sector also participating in the reverse auction if you could explain?

**A. K Singh:** Actually for the Joint Venture in respect of the Floating Solar development in case of Telangana and Odisha, the mandate was given to NHPC by MNRE. So, we have tied up the MoU and it has already been signed with Odisha. We have taken the permission from the Ministry easily to float a tender for 100 MW which is coming within a day or two in case of Odisha. We are developing

by putting our own money in case of JV in the ratio of 74% and 26%. 74% from our side and balance was from Odisha Government.

In case of Telangana, MoU is almost signed. It requires the approval of the state Government. While during the COVID, the things are not moving well and is still at the table of Chief Minister. The case is also being pursued by MNRE at the highest level. In case we get, it is fine. Even if we do not get it, we have to develop other solar projects. That is the reason, we have been developing one solar project of 600 MW in Rajasthan by acquiring the land from the private people. The tender has been floated, three bids have also been done and now the clarification is being issued. Hopefully within a month time, we will be able to get the bid and award the same.

In similar way of Rajasthan, we are going in the Tamil Nadu for 600 MW that too is likely to come within 2-3 days and the same way, we will do it and in some cases, the number of bidders are available like L&T, Adani, Tata, then other companies also. So, we get the lowest bid and our issue is that only we need that 14% Return of Equity and 10% IRR. When we get this much, that is our internal limit and we award the work. We are very hopeful that in all such cases, we are going to get bid of less than Rs. 2.50 per unit and all the discoms are agreed to have the PPAs with us. So, these are the things we have done as a Joint Venture and in case of Telangana, even if it is not possible, we are not going to stop our development of solar projects as we are taking some other route also.

**Rahul Modi:** So, sir we have got 600-MW Tamil Naidu, 600 MW Rajasthan, 100 MW Odisha to begin with which is all your capacity. Over and above this, you will be participating in a 1,000-MW CPSU tender?

**A. K Singh:** Yes.

**Rahul Modi:** So, 2,300 MW. Over and above this, Odisha you are targeting 500 MW?

**A. K Singh:** Basically 100 MW. At the same time, one more thing we want to add. In UP also, with our subsidiary BSUL where we are in process of acquiring land for 1200 MW as a solar park so that is also in the process. More than 60% consent has been given by the private landowners, balance land to be taken by the State Government, they are in the waiting. So, once that process is completed from the private people, then the balance share of State Government will be allotted to us. So, we are doing and other companies, central PSUs are also doing the same way in Jalaun District of UP.

**Rahul Modi:** So, basically you can setup the project and then approach or while just before setting up the project you can approach with a certain amount of tariff which maybe anywhere between 2.5 or less with the discoms and they can agree to sign PPAs with you bilaterally?

**A. K Singh:** Yes. Till 2023, the ISTS is also there. So, there is no transmission charges. If we are making a project in UP or in the Kerala also, that is available with us till 2023.

**Moderator:** Thank you. The next question is from the line of Anuj Upadhay from HDFC Securities. Please go ahead.

**Anuj Upapdhay:** Sir firstly a follow up on the previous question. What are the cost of debt which we are assuming for these Solar Projects?

**R.P. Goyal:** We are raising debt on our own Balance Sheet. So, we are hopeful to raise debt at the rate of around 7% by raising bonds.

**Anuj Upapdhay:** And whether these Solar Projects would be part of NHPC or we are forming some other subsidiary?

**R.P. Goyal:** Of course, majority of the projects will be NHPC's own projects and some projects may be by Joint Venture in UP.

**Anuj Upapdhay:** Second, a few bookkeeping questions. You mentioned about that availability were high during the quarter versus last year. This is in spite of lower water availability and shut down of Sewa, could you elaborate further on this and lastly you mentioned about the other expenses which also increased due to high R&M expenses, was this largely related to Sewa and could you quantify the amount as well, it would be helpful sir?

**R.P. Goyal:** Can you just repeat the question what you want to know about Sewa?

**Anuj Upapdhay:** Sir, the Other Expenses you mentioned has gone up because of increased R&M expenses. So, was this related especially to the Sewa-II maintenance and if yes, could you just quantify the amount related to this?

**R.P. Goyal:** This is a general increase in our expenditure and not due to Sewa-II.

**Anuj Upapdhay:** And on availability sir?

**R.P.Goyal:** Our availability has increased due to restoration of Chamera-II Project. The Project was down. So, overall Plant Availability Factor is increased.

**Anuj Upadhay:** It was because of restoration of Chamera-II, right sir?

**Y.K. Chaubey:** Chamera-II and Kishanganga Projects. Kishanganga is performing well that is why we are getting more generation from there. In Chamera-II, we had fire incident in 2019-20. In 2020, it was under breakdown. It got commissioned in November'20 and since then it is generating. So, because of that our Plant Availability Factor has improved.

**A. K Singh:** I want to tell one more thing here. We have shortage of around 850 MUs, but now we have recovered almost 450 MUs by this time due to two things. First, the monsoon was late and other thing, there was not much snowfall in the previous financial year and that is the reason in the month of April and May, the generation was very less and now we have already picked up almost 450 MUs. The things have been improved and machine availability is excellent now because only Sewa 120 MW is under repair and one unit of BairaSiul of 60 MW which is likely to be synchronized in 2-3 days. So, only Sewa will be out otherwise all our units of NHPC are already ready for generation.

**Moderator:** Thank you very much. We will take our last question from the line of Mutuja Arsiwala from Kotak Securities. Please go ahead.

**Mutuja Arsiwala:** I just want to get a sense on why the interest cost is much lower compared to the fourth quarter, there could be an element of FOREX, but just clarification on that?

**R.P.Goyal:** Interest is not much lower. Actually, what is happening that during the course of repayment of loans, some of the high-cost debt loan is getting repaid. So, if you compare weighted average rate of interest on two cut off dates, you will find that there is marginal decrease in the interest rate and that is the reason of lower interest.

**Moderator:** Thank you. The next question is from the line of Aniket Mittal from Motilal Oswal. Please go ahead.

**Aniket Mittal:** Sir just one question on Parbati-II, is typically what happens is whenever there is a large cost escalation that we have seen in that case we actually had to wait for the tariff order to come in and realize the tariff from the revised cost, so when Parbati actually let us say does commission FY23, can we start broking it at the revised capital cost or would there be provisional tariff that we have to move this?

**R.P. Goyal:** Actually, capital cost of Parbati-II is expected to be in the range of Rs. 10,000 crore and expected tariff as per CERC guidelines is Rs. 5.50 per unit, but there is some scope for reduction of tariff and we have done it in Kishanganga also. We will take one or two items of the tariff like we can reduce the O&M charges in tariff and we will make the tariff viable by taking it in the range of Rs. 5 per unit. So, we expect that PPA will be signed at the rate of Rs. 5 per unit and there will not be any issue, but we will maintain 16.5% of the ROE in our case.

**Aniket Mittal:** Just to get this clear I think once we commission it, there will be some discussions we will have with CERC for the final tariff which will determine the revised tariff that we will be charging?

**R.P. Goyal:** We will take up the issue with CERC keeping the tariff in the range of Rs. 5 by making some adjustment in one or two items of the tariff.

**Aniket Mittal:** To understand, I think in this quarter what is the benefit on the TLDP-IV order that we have got because I think it was not there in last year so on a YoY basis what is the benefit that we have got from the quarter for TLDP-IV coming in.

**R.P. Goyal:** In case of TLDP-IV, there is an increase of around Rs. 100 crore on yearly basis, so there is an impact of around Rs. 25 crore in this quarter.

**Aniket Mittal:** And just one question sir, we will start on the receivable numbers. Could you just repeat what is the overall receivable at the end of Q1?

**R.P. Goyal:** Overall receivables at the end of June quarter is Rs. 4,062 crore out of which more than 45 days is Rs. 2,429 crore. Main receivables for more than 45 days are from J&K – Rs. 1,350 crore, West Bengal – Rs. 776 crore which mainly includes arrears of TLDP-IV, UP – Rs. 183 crore and Punjab – Rs. 30 crore. That is all.

**Moderator:** Thank you very much sir. Due to time constraints that was the last question. I would now like to hand the conference over to Mr. Rupesh Sankhe for closing comments. Over to you, Sir.

**Rupesh Sankhe:** We thank 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.

**Moderator:** Thank you. On behalf of Elara Securities Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.