



# “NHPC Limited Q2 FY’22 Earnings Conference Call”

November 15, 2021



**ANALYST: MR. RUPESH SANKHE – ELARA SECURITIES PRIVATE LIMITED**

**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**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q2 FY'22 Earnings Conference Call of NHPC Limited 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 “\*” 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 evening everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY'22 conference call of NHPC. I take this opportunity to welcome the management of NHPC represented Mr. A. K. Singh – Chairman and Managing Director, Mr. Y. K. Chaubey – Director (Technical) and Mr. R.P. Goyal – Director (Finance). 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. A. K. Singh for his opening remarks. Over to you, Sir!

**A. K. Singh:** Thank you. Good evening friends. The NHPC Board has adopted Half Yearly Financial Results for the period ended 30<sup>th</sup> September'21 in its meeting held on 11<sup>th</sup> November'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 and half yearly set of numbers.

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

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

During Half Year FY'22, our Power Stations have achieved generation of 17155 MUs vis-à-vis 17526 MUs generated in the corresponding period of the previous year. This is mainly due to lower water availability and complete shutdown of Sewa-II Power Station w.e.f. 25<sup>th</sup> September'20 where the restoration work is under progress.

Our PAF for Half Year FY'22 stands at 94.86% against the corresponding previous year period PAF of 91.32%, which is about 4% higher.

During Half Year FY'22, Company has earned Revenue from Operation of Rs. 4916 crore as against Rs.5073 crore in the corresponding period of previous year.

During Half Year FY'22, Company has earned PAT of Rs. 2217 crore vis-à-vis Rs. 2021 crore of corresponding period of previous year, which is up by Rs.196 crore i.e. 10% approx.

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On physical front, as we have been sharing that the active construction work at Subansiri Lower Project site is going in full fledged manner. I am glad to share that I visited the site on 29<sup>th</sup> & 30<sup>th</sup> October'21 to review the actual progress at site and had comprehensive meetings with Head of the Project and all engineers and contractors 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> & 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> & 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 (2880 MW), Forest Clearance Stage-II approval has been granted and investment approval towards pre-investment activities of Rs.1600 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. As per the direction of MOP, cost estimate has been updated on May'21 price level. Hard cost & phasing of hard cost of project has been cleared by CEA on 30<sup>th</sup> July'21 and 16<sup>th</sup> August'21 respectively. The estimated cost of the project is Rs. 32672 crore which includes flood moderation cost of Rs 7237 crore and estimated levelized tariff is Rs. 4.73 per unit.

As we have already shared that NHPC had acquired Jal Power Corporation Limited (JPCL)'s Rangit Project (120MW) in Sikkim through NCLT route. The Govt. 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 a period of 38 months. Letter of Award has been issued in respect of Balance Hydro Mechanical Works and Balance Civil Works on 28<sup>th</sup> June'21 and 22<sup>nd</sup> September'21 respectively. Tendering is under process in respect of Balance E&M Works. The estimated cost of the project is Rs. 938.29 crore and estimated levelized tariff is Rs. 4.37 per unit.

In respect of Ratle HE Project, J&K (850 MW), an MOU was signed on 3<sup>rd</sup> February'19 for implementation through a JV between NHPC and JKSPDC. A 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> Feb'21 has conveyed the Government investment sanction for implementation of Ratle HE Project at an amount of Rs.5282 crore. The levelized tariff of the project is Rs. 3.92 per unit. 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. Tendering for EPC contract for the project is in progress.

Apart from above, NHPC is working on 03 new projects in J&K viz Sawalkot (1856 MW), Uri-I Stage-II (240 MW), Dulhasti Stage-II (260 MW) and Dugar Project (500 MW) in Himachal Pradesh. Sawalkot HEP is likely to be taken over from JKSPDC shortly and balance approvals required shall be initiated. Dugar, Uri-I Stage-II and Dulhasti Stage-II are under DPR stage. Dugar Project has received 20 out of total 23 clearances and is expected to be granted TEC shortly. Tender for the Civil Works for Dugar project have been invited. All 09 pre DPR chapters of Uri-I Stage-II have been submitted and EIA/EMP studies for Environment Clearance is in progress. In respect of Dulhasti Stage – II Project, clearance of 06 nos. of Preliminary Chapters are underway and EIA/EMP studies for Environment Clearance is in progress.

Presently, NHPC through its subsidiary CVPPL is executing two projects viz Pakal Dul HE Project (1000 MW) and Kiru HE project (624 MW) in Chenab Basin, J&K. Further, PIB approval of Kwar (540 MW) is expected shortly and PIB is going to discuss with the Finance Ministry tomorrow.

NHPC Business Development Team has been in talks with Indian Embassy, Kathmandu, Nepal and some of the Government of Nepal organizations for development of hydropower schemes. We have already signed an MOU with HIDCL (a Government Company of Nepal) for development of hydropower jointly. Our designers have already reviewed the data made available i.r.o. several schemes by the Nepali associates and have found the West Seti HEP (750 MW) and SR6 HEP (450 MW) on the West Seti river in the Karnali basin, in Western Nepal to be the most promising in terms of techno economic viability. Further, Garba Tawaghat HEP (500 MW) at the Indo Nepal boundary near Tanakpur, which is a most viable project, is long held up due to requirement of Mahakali Treaty clearance from Govt. of Nepal. To take up further discussions on these schemes, a meeting is being convened with his Excellency, the Prime Minister of Nepal and other key stakeholders of Govt. of Nepal.

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 (UMREPPs) 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 GEDCOL (Green Energy Development Corporation of India Limited). In-principal approval has been obtained from MNRE on 8<sup>th</sup> December'20 for setting up of 100 MW Floating Solar (1st Phase) in Rengali Reservoir by the proposed JV Company under Solar Park Scheme. Draft DPR of the same has been prepared and is under finalization.

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NHPC has bagged 1000 MW Capacity Solar Power Project at a Viability Gap Funding (VGF) of Rs. 44.90 Lakh/MW under CPSU Scheme, Phase-II, Tranche-III in the e-Reverse Auction conducted by Indian Renewable Energy Development Authority (IREDA) on 23<sup>rd</sup> September'21. Tendering for EPC Contract is under process.

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 at a levelized tariff of Rs. 2.75 per unit which has been adopted by Odisha Electricity Regulatory Commission vide order dated 16<sup>th</sup> September'21. Contract agreement for EPC Contract has also been signed with M/s Tata Power Solar Systems Limited on 16<sup>th</sup> September'21. Further, 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. Tender for EPC Contract is under finalization.

NHPC has CAPEX plans of Rs.8000 to Rs.10000 crore in the coming years considering its project pipeline and NHPC is also in process for creating two separate JVs. One for development of Renewable Energy, small hydro and Green Hydrogen Projects and other for Strategic Business Venture.

As part of new technology initiative in Green Hydrogen, NHPC is planning to execute pilot projects on Mobility in Kargil & Chamba and Fuel Cell Pilot Project in Leh.

This is all from my side and now, I request Director Finance, Shri Goyal to discuss the financial results in detail. Thank you.

**R.P. Goyal:**

Good evening, Friends. I am going to share with you detailed Quarterly and Half Yearly set of numbers with the detailed analysis.

The NHPC Board has adopted Half Yearly Financial Results for the period ended 30<sup>th</sup> September'21 in its meeting held on 11<sup>th</sup> November'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 Half Year FY'22, our Power Stations have achieved generation of 17155 MUs as against 17526 MUs generated in corresponding period of previous year.

During Q2 FY'22, our Power Stations have achieved generation of 9912 MUs as against 9417 MUs generated in corresponding period of previous year, which is about 5% higher i.e. by 495 MUs.

Our PAF for Half Year FY'22 stands at 94.86% against the corresponding previous year period PAF of 91.32%, which is about 4% higher.

Our PAF for Q2 FY'22 stands at 98.27% against the corresponding previous year period PAF of 91.66% which is about 7% higher.

For Half Year FY'22, Company has earned Revenue from Operation of Rs. 4916 crore as against Rs. 5073 crore in the corresponding previous year period.

During Q2 FY'22, Company has earned Revenue from Operation of Rs. 2745 crore as against Rs. 2554 crore in the corresponding previous period, which is about 7% higher. (i.e. Rs. 191 crore). The increase in revenue is mainly due to increase in generation.

Other Income for Half Year FY'22 is to the order of Rs. 374 crore as against Rs. 512 crore during the corresponding previous year period which is about 27% lower (i.e. Rs. 138 crore). This is mainly due to decrease in Dividend Income by Rs. 208 crore (Current period - Rs. 82 crore & previous period - Rs. 290 crore) which is partly offset by increase in Late Payment Surcharge (Rs. 112 crore).

Other Income for Q2 FY'22 is to the order of Rs. 171 crore as against Rs. 426 crore during the corresponding previous year period which is about 60% lower (i.e. Rs. 255 crore). This is mainly due to decrease in Dividend Income of Rs. 290 crore, which is partly offset by increase in Late Payment Surcharge (Rs.102 crore).

During Half Year FY'22, the Generation Expenses have come down from Rs. 604 crore to Rs. 578 crore i.e. by Rs. 26 crore which is mainly due to lower water cess on account of lower generation in our J&K Power Stations.

During Q2 FY'22, the Generation Expenses have gone up from Rs. 313 crore to Rs. 316 crore i.e. by Rs.3 crore showing marginal increase.

During Half Year FY'22, the Employees Cost has come down from Rs. 670 crore to Rs. 623 crore i.e. by Rs. 47 crore. The decrease is mainly due to superannuation of employees (Rs. 75 crore) which is partly offset by increase due to increment, promotion etc.

During Q2 FY'22, the Employees Cost has come down from Rs. 344 crore to Rs. 306 crore resulting in saving of Rs. 38 crore. The decrease is mainly due to superannuation of employees.

During Half Year FY'22, there has been decrease in the Finance Cost from Rs. 293 crore to Rs. 268 crore i.e. decrease by Rs. 25 crore which is mainly due to change in rate of interest by Rs.8 crore and decreased due to Repayment of Loans by Rs. 17 crore.

During Q2 FY'22, there has been decrease in the Finance Cost from Rs. 146 crore to Rs. 134 crore i.e. by Rs.12 crore which is mainly due to change in rate of interest by Rs.3 crore and decrease due to repayment of loans by Rs.8 crore.

During Half Year FY'22, the Depreciation and Amortization Expenses have come down from Rs. 663 crore to Rs. 559 crore i.e. by Rs.104 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 half year, which has been accounted as Finance Lease.

During Q2 FY'22, the Depreciation and Amortization Expenses have come down from Rs. 333 crore to Rs. 280 crore i.e. by Rs. 53 crore. This is mainly due to completion of 12 years of life of Teesta-V in FY 2020-21 and adjustment of the depreciation at TLDP-III Power Station in current quarter, which has been accounted as Finance Lease.

During Half Year FY'22, Other Expenses have gone up from Rs. 593 crore to Rs. 595 crore.

During Q2 FY'22, Other Expenses have come down from Rs. 319 crore to Rs. 283 crore. This is mainly due to decrease in R&M Expenses by Rs.14 crore and increase in Mark to Market Loss on Derivatives by Rs. 17 crore.

During Half Year FY'22, no Exceptional Item has been reported. During the corresponding previous year period, an exceptional item of Rs. 185 crore on account of one-time COVID rebate was passed on to beneficiaries due to impact of COVID-19.

During Half Year FY'22, we have earned PAT of Rs. 2217 crore vis-à-vis Rs. 2021 crore of corresponding previous year period which is up by Rs. 196 crore i.e. 10% approx and the reasons for increase or decrease in the line items, we have just discussed in the forgoing paragraphs.

During Q2 FY'22, we have earned PAT of Rs. 1305 crore vis-à-vis Rs. 1299 crore of corresponding previous year period which is up by Rs. 6 crore showing marginal increase and the reasons for increase or decrease in the line items, we have just discussed in the forgoing paragraphs.

During Half Year FY'22, the incentives position are as under:

We have not earned any amount on account of Secondary Energy during Current Half Year whereas it was Rs. 23 crore in corresponding period of previous year. The reason for the same is lower availability of water in first half of the year. PAF based Incentive in the Current Half Year is Rs. 313 crore as against Rs. 285 crore in corresponding period of previous year. Deviation Charges are Rs. 84 crore in Current Half Year as against Rs. 79 crore in the corresponding period of previous year, so total incentive in Current Half Year is Rs. 397 crore as against Rs. 387 crore in corresponding period of previous year.

During Q2 FY'22, the incentives position are as under:

No earning on account of Secondary Energy during Q2 FY'22, which was Rs. 23 crore during Q2 FY'21. PAF based incentive during Q2 FY'22 is Rs. 178 crore as against Rs. 137 crore in Q2 FY'21. Deviation charges are Rs. 46 crore during Q2 FY'22 against Rs. 44 crore in Q2 FY'21, so total incentive is Rs. 224 crore during Q2 FY'22 as against Rs. 204 crore in Q2 FY'21.

CAPEX during Half Year FY'22 is Rs. 1861 crore as against Rs. 1194 crore in the corresponding period of previous year.

Members of the Company in its meeting (AGM) held on 29<sup>th</sup> September'21 had approved 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. 9898 crore out of which we have already spent Rs. 9261 crore till September'21. The estimated levelized tariff based on the anticipated cost is coming to Rs.5.58 per unit.

The revised cost of Subansiri Project now stands at Rs. 19992 crore out of which we have already incurred Rs. 14210 crore till September'21. The estimated levelized tariff based on the anticipated cost is Rs.5.00 per unit.

Other major highlights of the Company are as under: -

On realization front, NHPC has received Rs. 4239 crore from the beneficiaries against Sale of Energy during Half Year FY'22 as compared to Rs. 4069 crore in the corresponding period of previous year. Trade receivables as on 30<sup>th</sup> September'21 stands at Rs. 3428 crore as against Rs. 3206 crore as on 31<sup>st</sup> March'21.

The major receivables are as under:



Total Dues of J&K - Rs. 1248 crore, West Bengal - Rs. 934 crore, UP - Rs. 168 crore, Punjab - Rs. 106 crore, Haryana - Rs. 69 crore and others are Rs. 903 crore. But as on date, our total dues have been reduced by around Rs. 1000 crore because we have realized around Rs. 700 crore from West Bengal and around Rs. 300 crore from others during this month.

In addition, an amount of Rs. 118 crore is receivable of an account of Surcharge.

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

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

**Aniket Mittal:** Thank you for the opportunity. Sir, my question was on Parbati-II. Around 3 to 4 month back, you had mentioned that 1.3 kilometer tunneling work was remaining, so if you could just provide update on that how is the work over there in terms of the current phase of tunneling activity. When do we expect the overall pending more to be completed on the execution front?

**A. K Singh:** Thank you, Parbati-II progress is going very well. But All of the sudden, from one point where we were doing the Drill Blast Method, around 7000 to 8000 liters per minute water came from the hill and it is still continuing, so we have rerouted the tunnel and the work is going on from the other face and from TBM side also and the work is going on. Now, it is less than 1200 meter and whatever disturbance happened in last 3 months because of the huge quantity of water, the treatment has been completed and we have rerouted the tunnel slightly as the progress is going on. We have already planned some different type of shuttering for lining work. We will adhere to the date given for commissioning i.e. March'23 and the work is going on from the both the faces.

**Aniket Mittal:** Thanks, my second question is just to understand on the renewable front. A number of projects that we are planning to tender, if you could let me know what is the quantum of projects for which we have signed PPAs and subsequently awarded the EPC contract?

**A. K Singh:** We have signed only 40 MW PPA in case of Odisha for Rs. 2.75/ unit and we have already floated some tenders, we have done the Reverse Auction also. One in the Rajasthan for 600 MW where we are still under discussion with L&T, the lowest bidder and 1000 MW scheme in the CPSU for which the tender is likely to come within two to three days. So, we are waiting for that tender also where we are getting viability from the MNRE and other also. We were already in the pipeline of going for the tender for around 2800 MW and we will keep on doing the solar because we need to do some solar. As for the solar, since some prices had gone up due to some taxes and other things. So, now we are not getting the same

rates which we used to get at Rs. 2.40/unit, Rs. 2.30/unit, the rates are slightly higher. This price increase is not only for NHPC but for others also. So, we are trying and discussing with the MNRE also. There is already a 1200 MW tender, which is very short in the pipeline. We are moving ahead and we will keep on doing the solar as per our capacity.

**Aniket Mittal:** Just one question on the receivable front that you mentioned that around Rs. 1000 crore of receivables have come down largely from balance sheet at the end of September. This was roughly around Rs. 3900 crore, which is the current receivables will be closer to Rs. 2900 crore to Rs. 3000 crore. So, this number is still pretty high, so are there any further money that you see coming from an industrial perspective, where do you think that this receivables will go to?

**R.P. Goyal:** Actually, the balance is little bit higher because we have done some bill discounting with our clients. So for accounting purpose, the amount received from bill discounting is being shown as loan but actually, we have received upfront money from our clients through bill discounting. So, it is showing as loan due to accounting compulsion and the numbers are shown higher than actual in the Balance sheet.

**Aniket Mittal:** Sir, what are you current trade receivable right now?

**R.P. Goyal:** Current trade receivable after bill discounting are Rs. 2500 crore approx. as on date.

**Aniket Mittal:** So, are there anything further coming in, at the end of the year, how do you see the trending, as number still be only high?

**R.P. Goyal:** We are hoping to realize around Rs. 10000 crore during the current financial year from all the clients as a whole and our receivables should be lower than the last year's receivables.

**Aniket Mittal:** Thank you, I will join back in the queue for further questions.

**Moderator:** Thank you. The next question is from the line of Anupam Goswami from B&K Securities. Please go ahead.

**Anupam Goswami:** Sir, my question is on the Regulated Equity, what is Regulated Equity right now and what is expected in the next year?

**R.P. Goyal:** Anupam, as of now our Regulated Equity is Rs. 13000 crore approx and going forward, when this Subansiri and Parbati II will get commissioned, our regulated equity will be as per the completed cost of the projects. You can refer our presentation also where we have shown progressive regulated equity down the line two to three years. It will be around Rs. 22,000 crore on completion of these two projects.

- Anupam Goswami:** So, will that be expected to complete by the next year?
- R.P. Goyal:** Yes, by end of March'23, we will commission Parbati II and we will commission two units of Subansiri by August'22 and all units of Subansiri will be completed by August'23.
- Anupam Goswami:** Sir, I will join back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Abhineet Anand from Emkay Global. Please go ahead.
- Abhineet Anand:** So, I had this question that any project that you take through NCLT route, is it fair to assume that the cost comes part of regulatory cost right?
- R.P. Goyal:** Abhineet, can you come again?
- Abhineet Anand:** Any project that we are taking through NCLT route, but the tariff for that will on a regulatory basis right?
- R.P. Goyal:** Yes, absolutely.
- Abhineet Anand:** So, it is fair to assume that whatever cost we incur is for regulatory project only, right? Any project that we do in future something on that, right?
- R.P. Goyal:** Yes and that will be in 70:30 ratio.
- Abhineet Anand:** In these projects also, you will maintain that 70:30 ratio.
- R.P. Goyal:** In hydro, every projects in the ratio of 70:30 only.
- Abhineet Anand:** And second is the CAPEX, Sir?
- A. K Singh:** Out of Rs. 9000 crore CAPEX plan for the current fiscal, around Rs.3000 crore is for the solar and balance is for the hydro including joint ventures. About the solar, we are trying our best and going for the other tenders also, so that at least we can achieve around 70% of the total CAPEX. It is not possible to achieve all this Rs. 9000 crore CAPEX, but we will try at least 80% to 85% till the end of the financial year and the major reason is that we have gone through the COVID period where we are unable to do the things and now some increase in the taxes and duties in case of the solar. It is becoming difficult to get the PPA. So, we are in talks with MNRE and Ministry of Power to resolve these issues so that solar development can also be taken out at a top gear.

- Abhineet Anand:** Sir, when you mentioned that Rajasthan Solar Project, we will be getting steady margin in that or how is that project function for us?
- R.P. Goyal:** It is our own project. This will be owned by NHPC, not on agency basis or commission basis.
- Abhineet Anand:** So, basically it is fair to assume that it will on our books and whatever profit, whatever you make it will on our books only?
- R.P. Goyal:** Absolutely, right.
- Abhineet Anand:** And for that PPA, what is the change of PPA when you are in discussion with discom?
- R.P. Goyal:** EPC tender is yet to be finalized, we are negotiating the rates with the L1 bidder and after that we will offer the rate to our beneficiary Discoms and we will talk about PPA.
- Abhineet Anand:** So if Discom agrees, then only you will go ahead for the project?
- R.P. Goyal:** Yes.
- Abhineet Anand:** And last I think the incentive side, you said that Secondary Energy is zero for the both the quarters, right?
- R.P. Goyal:** Yes, Secondary Energy for Half Year and Quarter is zero in this year.
- Abhineet Anand:** And on the PAF side, I need that?
- A. K Singh:** I tell you that there was less water during the first quarter and we were short of 850 MUs. But due to increase in rain in second quarter, we have covered around 500 MUs. If you consider today, we have already crossed more than 130 MUs than the last year. Our PAF is 94.86% in comparison to 91.32% of the last Half Yearly, so it is improving and we are quite hopeful that this year, we will get a good winter rain and the snowfall and generation may cross even 26000 MUs. We are expecting good generation because all the machines are ready and our all power stations have been running very efficiently during this period with the availability of water except 120 MWs Sewa-II.
- R.P.Goyal:** Our PAF based Incentive is Rs. 313 crore for current Half Year as against Rs. 285 crore in corresponding previous year period, so there is an increase of Rs. 28 crore in PAF based Incentive. For Q2 FY'22, it is Rs.178 crore as against Rs. 136 crore during corresponding previous year period, so there is also an increase of Rs.42 crore.

- Abhineet Anand:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Rupesh Sankhe from Elara Securities. Please go ahead.
- Rupesh Sankhe:** Sir, couple of questions, firstly on the CAPEX guidance what kind of CAPEX you are looking at in the next 2 to 3 years and what are the equity required for funding the project that is the first question, second is on in terms of renewable project, what is the status and is there any large pipeline which we are looking at in the next 2 to 3 years and the third is that I wanted to know more on the Dibang projects, what is the progress there?
- A. K Singh:** I will share about Dibang, if you have viewed the news that finally the court has agreed what the state and NHPC has done with some changes in the award because some issue was there in the award and it took almost a year to discuss with the local people and the State Government and NHPC. So finally, we have paid around Rs. 220 crore in the State Government DC Account and they are going to disburse this amount. So, in Dibang, basically at present our dam, our powerhouse part is 100% fine. In the other parts also, around 95% people have agreed to accept the rate and they are just raising a demand letter towards NHPC for making the payments and balance is just 5% where the total quantity of land is not more than 100 acres out of 5000 acres and the court will decide once these two things are settled. So, it is going well and hopefully, we will get the work started very soon.
- R.P. Goyal:** Regarding your query about CAPEX during next two to three years, we have plan to make CAPEX of around Rs. 8000 crore every year in the next three years, so equity will be around Rs. 2400 crore for every year and we have made arrangements for the equity in CAPEX.
- Rupesh Sankhe:** Sir, third question is on the renewable side, is there any large pipeline project if you are thinking off?
- A. K Singh:** Actually we will keep on adding renewals, there is no limit for us. We are waiting for the 1000 MWs CPSU scheme, the tender is going to come very soon. We are already making an attempt for another 1000 MWs and these 2000 MW will match our CAPEX and other things. We have not kept any limit immediately, but we will definitely work with at least 5000 MW by 2025.
- Rupesh Sankhe:** Thank you, Sir.
- Moderator:** Thank you. As there are no further question, I now hand the conference over to Mr. Rupesh Sankhe from Elara Securities Private Limited for closing comments.

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**Rupesh Sankhe:** Thank you for giving us an opportunity and we also thank all the investors and the analysts for joining this call. Thank you so much.

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