



“NHPC Limited  
Q3 FY'22 Earnings Conference Call”

**February 14, 2022**



**ANALYST: MR. RUPESH SANKHE FROM 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**

**MR. B. BASU, DIRECTOR (PROJECTS) - NHPC LIMITED**



**Moderator:**

Ladies and gentlemen, good day and welcome to the NHPC Q3 FY'22 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 your assistance, during the conference call, please signal an operator by pressing “\*” and then “0” on your touchstone 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.

**Rupesh Sankhe:**

Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q3 FY'22 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); Mr. B. Basu, Director (Projects) and other team members.

We'll begin the call with the brief overview by the management followed by Q&A session. I will now hand out the call to Mr. A.K. Singh for his opening remarks. Over to you Sir.

**A.K. Singh:**

Good afternoon friends. The NHPC Board has adopted Nine Monthly Financial Results for the period ended 31<sup>st</sup> December'21 in its meeting held on 11<sup>th</sup> February'22 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 nine monthly 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 Nine Months FY'22, our Power Stations have achieved generation of 21116 MUs vis-à-vis 21262 MUs

generated in corresponding period of the previous year which is almost flat.

- Our PAF for Nine Months FY'22 stands at 91.40% against the corresponding previous period PAF of 88.59% which is about 3% higher.
- During Nine Months FY'22, Company has earned Revenue from Operation of Rs. 6848 Crore as against Rs. 7165 Crore in the corresponding previous period.
- During Nine Months FY'22, Company has earned PAT of Rs. 2978 Crore vis-à-vis Rs. 2829 crore of corresponding period which is up by Rs. 149 Crore i.e. 5% approx.
- On physical front, as we have been sharing that the active construction work at Subansiri Lower Project site is going on in full swing. During my recent visit to project from 05<sup>th</sup> to 07<sup>th</sup> February'22, I observed that some remarkable progress has been achieved and the project team is putting great efforts. 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.
- In respect of Parbati-II HE Project, approx 950 meter of tunnel excavation work is remaining and we are in touching distance of completing this beleaguered component of the project. The HRT excavation from the DBM face has suffered since July'21 due to heavy ingress of water. So, we had to detour the tunnel and once again we encountered the issue which flooded the tunnel. The project has made a lot of efforts for dewatering the tunnel as well as starting work at face and I inspected the site during the visit to the project on 20<sup>th</sup> & 21<sup>st</sup> January'22. Finally, we are going ahead from the DBM face. We are trying our best to complete the remaining tunneling works to complete the project by March'23. As already shared that Unit I & II of Parbati II H.E Project were got resynchronized on 28<sup>th</sup> & 29<sup>th</sup> April'20 respectively. Further, Unit III & IV of Parbati-II H. E. Project were also re-synchronized with the Grid on 6<sup>th</sup> & 7<sup>th</sup> July'20 respectively.

- In respect of Dibang Multipurpose Project (2880 MW), PIB Memo at May'21 Price Level has been circulated by Ministry of Power on 18<sup>th</sup> January'22. Forest Clearance Stage-II approval has already been granted & Investment approval towards pre-investment activities for Rs. 1600 crore has been obtained. The issue of Land compensation of the project has now been resolved and Rs. 860 crore has been paid for land acquisition. The estimated cost of the project is Rs. 32983 crore and estimated levelized tariff is Rs. 4.67 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. Letter of Award have been issued in respect of Balance HM Works, Balance Civil Works and Balance E&M Works except one package of E&M Works which is under tendering stage. The estimated commissioning schedule of the project is May'24. The estimated cost of the project is Rs. 938.29 crore and estimated levelized tariff is Rs. 4.37 per unit. Civil work has already been started at site. Important milestone of River Diversion was completed on 7<sup>th</sup> November'21 within the scheduled time.
- 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. Ministry of Power conveyed the Government investment sanction for implementation of the Project at an amount of Rs.5282 crore. The levelized tariff of the project is Rs. 3.92 per unit. The project is being developed by Ratle Hydroelectric Power Corporation Limited (A Joint Venture of NHPC and JKSPDC in which NHPC holds 51% share.) The contract for Turnkey execution of the project has been awarded to M/s Megha Engineering and Infrastructure Limited on 18<sup>th</sup> January'22.
- Some of the largest Hydroelectric Projects in the Siang and Subansiri Basins have been allotted to NHPC by Ministry of Power on 22<sup>nd</sup> December'21. The Projects in Subansiri Basin viz. 2000 MW Subansiri Upper and 1800

MW Subansiri Middle shall be developed by NHPC on standalone basis while 10000 MW Upper Siang and 2700 MW Siang Lower in Siang Basin are to be developed in JV mode.

- 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:-
  - In respect of Sawalkot HEP, Agreement for handing over / taking over has been signed between NHPC and JKSPDC on 11<sup>th</sup> December'21 & NHPC has taken over the Project. Revised draft PIB note seeking recommendation of Public Investment Board for the pre-investment activities amounting to ₹973 crore has been submitted to MoP on 19<sup>th</sup> January'22 and process for obtaining forest clearance has been initiated.
  - Dugar, Uri-I Stage – II and Dulhasti Stage –II are under DPR stage. Dugar Project has received 21 out of total 23 clearances and is expected to be granted TEC shortly. Tender for EPC Contract for Dugar Project has already been invited and we shall be ready for award once we get the requisite PIB/CCEA clearance for the implementation of project.
  - All 09 Pre DPR chapters of Uri-I Stage – II have been submitted out of which clearance in respect of 3 chapters have been received and EIA/ EMP studies for Environment Clearance (EC) is in progress. Further, process for obtaining forest clearance has been initiated.
  - In respect of Dulhasti Stage – II Project, clearance of 4 out of 6 nos. of Preliminary Chapters have been received and EIA/ EMP studies for Environment Clearance (EC) is in progress. No forest clearance is required and NOC has been obtained from Forest department. Further, Defence Clearance has been accorded by Ministry of Defence on 3<sup>rd</sup> January'22.
- Presently, NHPC through its subsidiary CVPPPL is executing two projects viz Pakaldul HE Project (1000MW) and Kiru HE Project (624 MW) in Chenab Basin, J&K. Construction work at both the project is

progressing within the overall schedule. Further, PIB meeting of Kwar HE Project (540MW) was held on 27<sup>th</sup> January'22 wherein go-ahead has been given but the minutes are still awaited. Draft CCEA Note has also been prepared and submitted.

- NHPC business development team has been in talks with Indian embassy, Kathmandu, Nepal and some of the Govt. 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. I visited Nepal from 19<sup>th</sup> November to 22<sup>nd</sup> November'21 and met with Hon'ble Prime Minister of Nepal and other key stakeholders. Hon'ble Prime Minister has shown keen interest in our activities and assured of his full support.

Further, NHPC vide letter dated 2<sup>nd</sup> December'21 has submitted "Expression of Interest" to develop & finance two hydroelectric projects "Phukot karnali 480 MW & Mugu Karnali 1902 MW hydroelectric projects" (in two phases) to Hon'ble Minister, Energy Water Resources & Irrigation, Nepal. Both Govt. of Nepal as well as Ministry of External Affairs has given positive signal in this regard and we are marching ahead in getting a MOU signed between both the parties for implementation of these project which will open a new chapter of cooperation between two countries in development of untapped hydropower potential 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 (1<sup>st</sup> Phase) in Rengali Reservoir by the proposed JV Company under Solar Park Scheme. Promoter's Agreement has been signed between NHPC and GEDCOL on 4<sup>th</sup> January'22. Capacity of the projects

ranging from 100 MW to 300 MW and tendering of the same is under process.

- NHPC has signed a Letter of Intent (LOI) with Rajasthan Renewable Energy Corporation Limited (RRECL) for 'Development of 10000 MW Renewable Energy (RE) Projects/ Parks in the State of Rajasthan on 8<sup>th</sup> February'22.
- 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. Award of EPC Contract is under process. Draft PIB Memo based on CEA vetted cost has also been submitted to MoP on 11<sup>th</sup> February'22.
- 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. Contract Agreement for EPC Contract has also been signed with M/s Tata Power Solar Systems Limited on 14<sup>th</sup> September'21. The project is scheduled to be completed on 23<sup>rd</sup> May'22.
- NHPC has annual CAPEX plans of Rs. 8000 to Rs. 10000 Crores in the coming years considering its project pipeline.
- NHPC is also in process of 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.



- NHPC is also exploring to develop Pumped Storage Projects in the state of Andhra Pradesh, Odisha, Jharkhand and Karnataka.

In this regard, NHPC and OHPCL, Odisha are in advanced stage of discussions to develop three Pumped Storage Projects totalling to 1420 MW (Upper Indravati 600 MW, Balimela 500 MW and Upper Kolab 320 MW) in JV Mode.

Government of Andhra Pradesh has also responded positively for developing Pump Storage Projects in the state. NREDCAP (New & Renewable Energy Development Company of Andhra Pradesh) has expressed its intent to form a JV with NHPC for development of 7 PSP schemes totalling to 6600 MW in Andhra Pradesh. These projects are Gandikota PSP (600 MW), Chitravathi PSP (500 MW), Saomasila PSP (1200 MW), OWK PSP (800 MW), Kurukutti PSP (1200 MW), Karivalasa PSP (1000 MW), Yerravaram PSP (1200 MW).

In Jharkhand also, we are in advance stage of talks for signing MoU with DVC for jointly implementing 1500 MW Lugupahar Pumped Storage Project on mutually agreed terms and conditions with equity participation in a JV Company.

In addition to above, we are also looking for development of off-river PSPS as well as creating PSP facilities at existing Hydro projects. In this regard, our JV NHDC is taking up PFR study for Off-River PSP (Location- near Tekwa water falls in Narmada river Region in Madhya Pradesh in vicinity of Indirasgar /Omkareshwar HEPs). Development of a probable PSP scheme near Indirasagar PS is also under examination by NHDC. Apart from these, NHPC has carried out due-diligence of the various PSP schemes in the states of Kerala (4 projects 1400 MW) and Tamilnadu (5 projects 2550 MW).

- In a nutshell, NHPC is expanding its profile for overall development of Hydropower, Solar and Pumped Storage Plants and to achieve dream of being 50 GW Hydropower Company within next 10-15 years. In this, we have 7071





MW commissioned project, 5999 MW under active construction, 25806 MW hydro projects and 8020 MW PSP under pipeline. Further on Solar Projects we are actively working on 1000 MW under CPSE Schemes, 1250 MW under tendering (pending for tariff consent), 10000 MW under Solar Park. As such if we add the total, we are on right path of our dream.

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

**R.P. Goyal:**

Good afternoon, friends. I am going to share with you detailed quarterly and nine monthly set of numbers with the detailed analysis.

- NHPC Board has adopted Nine Monthly Financial Results for the period ended 31<sup>st</sup> Decemeb'21 in its meeting held on 11<sup>th</sup> February'22 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 Nine Months FY'22, our Power Stations have achieved generation of 21116 MUs vis-à-vis 21262 MUs generated in corresponding period of the previous year which is almost flat.

During 3<sup>rd</sup> Quarter FY'22, our Power Stations have achieved generation of 3961 MUs vis-à-vis 3736 MUs generated in corresponding period of the previous year which is about 6% higher i.e. 225 MUs.

- Our PAF for Nine Months FY'22 stands at 91.40% against the corresponding previous period PAF of 88.59% which is about 3% higher.

Our PAF for 3<sup>rd</sup> Quarter FY'22 stands at 84.48% against the corresponding previous period PAF of 83.11% which is about 2% higher.

- During Nine Months FY'22, Company has earned Revenue from Operation of Rs. 6848 Crore as against Rs. 7165 Crore in the corresponding previous period which is about 4% lower (i.e. Rs. 317 Crore). The decrease in revenue is mainly due to decrease in revenue from Power Trading Business by Rs. 172 Crore and Reduction in Interest from Beneficiaries by Rs. 123 Crore on account of finalisation of Tariff for 2014-19 period in respect of TLDP-IV Power Station in F.Y. 2020-21.

During Q3 FY'22, Company has earned Revenue from Operation of Rs. 1932 Crore as against Rs. 2092 Crore in the corresponding previous period which is about 8% lower (i.e. Rs. 160 Crore). The decrease in revenue is mainly due to decrease in Secondary Energy Charges by Rs. 34 Crore and Reduction in Interest from Beneficiaries by Rs. 123 Crore due to the same reason as explained above.

- Other Income for Nine Months FY'22 is of the order of Rs. 524 Crore vs Rs. 714 Crore during the corresponding previous period which is about 27% lower (i.e. Rs. 190 Crore). This is mainly due to decrease in Dividend Income by Rs. 201 crore (Current period – Rs. 91 Crore & previous period – Rs. 292 Crore) which is partly offset by increase in Interest Income (Rs. 16 Crore).

Other Income for Q3 FY'22 is of the order of Rs. 150 Crore vs Rs. 202 Crore during the corresponding previous period which is about 26% lower (i.e. Rs. 52 Crore). This is mainly due to decrease in Late Payment Surcharge by Rs. 111 crore (Current period – Rs.45 Crore & previous period – Rs. 156 Crore) which is partly offset by increase in Interest Income and Exchange Rate Variation etc.

- During Nine Months FY'22, the Generation Expenses have come down from Rs. 723 Crore to Rs. 707 Crore i.e. by Rs. 16 Crore which is mainly due to lower water cess on account of lower generation in J&K Power Stations.

During Q3 FY'22, the Generation Expenses have gone up from Rs. 119 Crore to Rs. 129 Crore i.e. by Rs. 10 Crore which is mainly due to higher water cess on account of higher generation in J&K Power Stations.

- During Nine Months FY'22, the Employees Cost has come down from Rs. 1048 Crore to Rs. 942 Crore i.e. by Rs. 106 Crore. The decrease is mainly due to superannuation of employees.

During Q3 FY'22, the Employees Cost has come down from Rs. 378 Crore to Rs. 319 Crore i.e. by Rs. 59 Crore. The decrease is mainly due to superannuation of employees.

- During Nine Months FY'22, there has been decrease in the Finance Cost from Rs. 435 Crore to Rs. 399 Crore i.e. by Rs. 36 Crore which is mainly due to change in rate of interest by Rs. 14 Crore and decrease due to Repayment of Loans by Rs. 25 Crore.

During Q3 FY'22, there has been decrease in the Finance Cost from Rs. 141 Crore to Rs. 130 Crore i.e. by Rs. 11 Crore which is mainly due to change in rate of interest by Rs. 6 Crore and decrease due to Repayment of Loans by Rs. 8 Crore.

- During Nine Months FY'22, the Depreciation & Amortization Expenses have come down from Rs. 998 Crore to Rs. 846 Crore i.e. by Rs. 152 Crore. This is mainly due to completion of 12 years of life of Teesta-V Power Station in FY 2020-21 (Rs. 88 Crore) and adjustment of depreciation at TLDP-III PS in current period accounted as Finance Lease (Rs. 75 Crore).

During Q3 FY'22, the Depreciation & Amortization Expenses have come down from Rs. 335 Crore to Rs. 287 Crore i.e. by Rs. 48 Crore. This is mainly due to completion of 12 years of life of Teesta-V Power Station in FY 2020-21 (Rs. 29 Crore) and adjustment of depreciation at TLDP-III PS in current quarter accounted as Finance Lease (Rs. 25 Crore).

- During Nine Months FY'22, Other Expenses have come down from Rs. 1009 Crore to Rs. 899 Crore i.e. by Rs. 110 Crore. This is mainly due to decrease in Provision against Survey & Investigation Expenses in respect of

Tawang Project provided in previous period and other R&M, Security Expenses etc. have been flat.

During Q3 FY'22, Other Expenses have come down from Rs. 416 Crore to Rs. 304 Crore i.e. by Rs. 112 Crore due to the same reason as explained above.

- During Nine Months FY'22, 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 impact of COVID-19.
- During Nine Months FY'22, we have earned PAT of Rs. 2978 Crore vis-à-vis Rs. 2829 Crore of corresponding previous period which is up by Rs 149 Crore i.e. 5% approx. and the reasons for decrease/increase in the line items, we have just discussed in the forgoing paragraphs.

During Q3 FY'22, we have earned PAT of Rs. 761 Crore vis-à-vis Rs. 808 Crore of corresponding previous period which is down by Rs 47 Crore and the reasons for decrease/increase in the line items, we have just discussed in the forgoing paragraphs.

- During Nine Months FY'22, the incentive position are as under:

We have earned Secondary Energy Charges of Rs. 14 Crore in the Current Nine Months period as against Rs. 70 Crore during corresponding previous period resulting in decrease by Rs. 56 Crore.

In PAF based Incentive, we have earned Rs. 402 Crore in Current Nine Months period as against Rs. 360 Crore during corresponding previous period resulting in increase by Rs. 42 Crore.

We have earned Deviation Charges of Rs. 129 Crore in Current Nine Months period as against Rs. 119 Crore during corresponding previous period, resulting in increase by Rs. 10 Crore.

- During Q3 FY'22, the incentive position are as under:

We have earned Secondary Energy Charges of Rs. 14 Crore in the Current Quarter as against Rs. 47 Crore during corresponding previous period resulting in decrease by Rs. 33 Crore.

In PAF based Incentive, we have earned Rs. 89 Crore in Current Quarter as against Rs. 75 Crore during corresponding previous period resulting in increase by Rs. 14 Crore.

We have earned Deviation Charges of Rs. 44 Crore in Current Quarter as against Rs. 39 Crore during corresponding previous period, resulting in increase by Rs. 5 Crore.

- CAPEX during Nine Months FY'22 is Rs. 3906 Crore as against Rs. 2268 Crore in the corresponding period of previous year.
- The Board of Directors has declared and approved the payment of interim dividend at the rate of 13.10% (Rs 1.31 per equity share) on the face value of paid-up equity shares of Rs 10/- each for the financial year 2021-22 against 12.50% (Rs 1.25 per equity share) in financial year 2020-21. The Board has fixed Wednesday, 23<sup>rd</sup> February'22 as record date for ascertaining eligibility of shareholders for payment of interim dividend.
- The anticipated cost of Parbati-II Project is Rs. 9898 Crore out of which we have already spent Rs. 9358 Crore till December'21. The estimated levelized tariff based on the anticipated cost is 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. 14738 Crore till December'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. 7149 Crore from the beneficiaries against sale of energy during Nine Months FY'22 as compared to Rs. 6991 Crore in the corresponding period of previous year. Trade receivables as on 31st December'21 stands at Rs. 3257 Crore as against Rs. 3206 Crore as on 31st March'21.
  - The major receivable are as under:

PDD-J&K – Rs. 1270 Crore out of which more than 45 days – Rs. 1144 Crore. UPPCL (UP) – Rs. 674 Crore out of which more than 45 days – NIL. West Bengal State Electricity Development Corporation – Rs. 665 Crore out of which more than 45 days – Rs. 64 Crore. PSPCL (Punjab) - Rs. 249 Crore out of which more than 45 days – only Rs. 2 Crore. Jodhpur Vidhyut Vitaran Nigam Limited (Rajasthan) –Rs. 62 Crore out of which more than 45 days – Rs. 54 Crore and Other Receivables – Rs. 337 Crore out of which for more than 45 days are Rs. 40 Crore only.
  - In addition, an amount of Rs. 63 Crore is receivable on account of Surcharge. Detail of the same are as under:-

J&K- Rs. 50 Crore, Tamil Nadu – Rs. 9 Crore and Punjab – Rs. 2 Crore.
  - However, considering the bill discounting during the year, the Trade Receivable as on 31<sup>st</sup> December'21 is Rs. 1864 Crore against the receivable as per books of Rs. 3257 Crore as mentioned by me in earlier lines.
  - Trade Receivables as on 10<sup>th</sup> February'22 after considering bill discounting stands at Rs. 1571 Crore only. The major receivables after considering bill discounting as on 10<sup>th</sup> February'22 are as under:

J&K – Rs. 1096 Crore out of which more than 45 days – Rs. 959 Crore. UPPCL (UP) – Rs. 114 Crore out of which more than 45 days – NIL. PSPCL (Punjab) - Rs. 69 Crore out of which more than 45 days – only Rs. 3 Crore. West Bengal State Electricity Development Corporation – Rs.



55 Crore out of which more than 45 days – only Rs. 1 Crore. Haryana –Rs. 42 Crore out of which more than 45 days – NIL and Other Receivables – Rs. 201 Crore out of which for more than 45 days are Rs.27 Crore only.

- There is one positive news for our investor’s community that first time in recent past, Receivables for more than 45 days are less than Rs. 1000 Crore.

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

**Moderator:**

Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press “\*” and “1” on touchstone telephone. If you wish to remove yourself from the question queue, you may press “\*” and “2” participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We have the first question from the line of Mohit Kumar from DAM Capital. Please go ahead.

**Mohit Kumar:**

Good afternoon. So my first question is on Subansiri and Parbati-II commissioning date. As per presentation just shared on the website, it says Q2 FY’24 for Subansiri and Q4 FY’23 for Parbati-II, are we on the schedule to meet the deadline?

**A.K. Singh:**

Yes. As far as Subansiri is concerned, I already told that we are putting our best effort and work is also going on in full swing and to your information, almost 7500 workforce is working round the clock and we have set a target for completing two units by August’22 and the balance units by August’23. So, we are working on our date and very hopeful that we will be able to do it unless otherwise, there arise some issues in the local area like we faced earlier. Due to the Covid also, some delay was there. But, we are very hopeful the way things are going in Subansiri now.

As far as the Parbati-II is concerned, our progress are going extremely well from both the ends but the tunnel is very high in the Himalaya (more than 1200 to 1500 meter snow bound area). At one location, huge quantity of water



i.e. around 10,000 to 12,000 liter per minute came in the tunnel and it was on the reverse axis direction. It cannot flow with gravity. The tunnel was flooded for some time and we started the best treatment we could do with our experience and the competence in tunneling. We finally had success and now, it has started moving from both the sides. From the TBM side and DBM side also, a 900 meter tunneling is remaining. We all are hoping to go through it fast because earlier we have been able to do around 170 to 180 meter of tunneling per month. We are trying our best, but surprises are not in our control. I hope that once it is not there in the balance tunneling which we feel, we will be able to complete it by March'23 next year.

**Mohit Kumar:**

What is the status of Teesta-VI?

**A.K. Singh:**

In Teesta-VI, all the packages have been awarded and the work in Powerhouse, Barrage, Hydro Tunnel, Hydro Mechanical Works have been started. Earlier, some issue was there due to Covid restrictions but now, that has also been lifted. Now, all the agency have been fully mobilized and work is going on in full swing there also.

**Mohit Kumar:**

Out of this Ratle and Dibang, I think both of this should start construction from FY'23 onwards.

**A.K. Singh:**

Ratle has already been awarded and today, I had the meeting with their vice president. They came to my office and they have started mobilizing the equipment also. They are starting the Diversion Tunnel work immediately. So, Ratle has already physically started.

In Dibang Project, the land issue was a very big issue which has been resolved with the help of Ministry, locals as well as the State Government. We have already acquired more than 85% of the land and the 100% of the land where our structures are coming. So, land issue has been resolved. We have already forwarded the PIB which is under consideration in the Ministry of Finance and NITI Aayog. Hopefully very soon, I will get a day for the meeting. Further, we have already opened a tender for the Diversion Tunnel, which required at least three years' time to mobilize and complete the Diversion Tunnel. NHPC Board has also taken the decision to award the

tender once the CCEA is clear. So, we are very hopeful that it will happen very fast. We can award it by the end of this March only. Otherwise, we will definitely be able to award Dibang Project physically on the ground in April month.

**Mohit Kumar:** And which are the project, which move to the tendering stage in the next fiscal year.

**A.K. Singh:** We have already floated tender for 500 MW Dugar Project. For Sawalkot, our tender is ready. We will float it very soon. We were supposed to float it during last week only, but some discussion was taking place whether we can go for some change in the methodology which has been discussed in the Board and we are working on it. So, we can experiment with the new thing so that we will get a good contactor & price, maybe around our estimate only and award the work. We will be working for a week time. Otherwise, this way or that way, we are going to float the tender out. Other clearances are also in the pipeline. At the same time, we are making the cost estimates and other things also. Everything is going in parallel for this project.

Out of three projects i.e Dugar, Dibang and Sawalkot, Dibang is going to be awarded soon and we are planning to award Sawalkot and Dugar in next financial year.

**Mohit Kumar:** Understood sir. Thank you sir and all the best. Thank you.

**Moderator:** Thank you. We have the next question from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

**Aniket Mittal:** Yes. Thank you for the opportunity. The first question was just on Parbati-II to understand because, the execution on that has been a bit slower than what we were anticipating. So, has this water flooding issue been now resolved? Has dewatering within the tunnel been completed? And what is the current pace of excavation within that tunnel?

**A.K. Singh:** Actually, from the one side i.e. the Tunnel Boring Machine, we have treated everything in this area. Since next 10-15 meter, we are finding some shear zone. Some collapses are being seen, but the water is not coming from

the face. So, it is easier to treat them and our team is working round the clock. These 8 to 10 meters may take another four or five days and we will be further moving with full speed. Hopefully, if we have done the progress, of say 100 meter plus, we will be able to do from this side also. So, now everything has been cleared there and we are going further for better progress.

**Aniket Mittal:** Okay, by the end of this month, we expect to go back to the 100 meter excavation or better?

**A.K. Singh:** Not from end of this month. Hopefully, from the next month because this month, for another 10-12 days, we will be treating this area. Right side from which we are moving in the tunnel, there are some shear zone. Shear zones are fracture zones. Some collapses are happening. So, some geological issues are there and we are carefully moving forward.

**Aniket Mittal:** That's very helpful. Just to understand a bit more. So, apart from this, subsequently what lining work is there and any other components that are on the hydro mechanical front or for the completion of the project, is what I'm trying to understand if you could throw a bit more granularity in terms of how do we see this executing in March'23, that would be great.

**A.K. Singh:** Actually after this, we have only this lining work from where the TBM is going on. We are already doing that lining parallel. So from TBM side, it is not an issue. We have done more than 2.2 kilometers of the lining at this side and we have designed some special type of shuttering to achieve the target of 500 to 600 meter lining in a month. So once the tunnel is over, then by increasing some resources, we are able to do it. As far as the hydro mechanical work is concerned, there is no hydro mechanical work in the Head Race Tunnel and all the dam and hydro mechanical work have been completed. We are already generating power from Parbati-II. We have generated around 340 MUs this year. We have set a target of 350 Mus and we will definitely cross that target also. Generation is already going on from the Parbati-II. Once the tunnel lining is completed, we have to simply plug it. So, no extra work beyond this scope is required to be done for the commissioning of the project.



**Aniket Mittal:**

That's very helpful. Just on Dibang, because I think the only sticking point here was the land issue, which I think has got resolved. And I think we are on track now to actually start construction of the project as well. Correct me if I'm wrong here. But given this is such a large project how could you help us with, what are the CAPEX numbers that you are looking for Dibang for the next couple of years and the commissioning timelines for that?

**A.K. Singh:**

Total construction schedule of Dibang is nine and half years. It is a very big project and it has a huge quantity of concreting. So, we will start with Diversion Tunnel. We have already invited tender for the foreign consultant that has already come. It is under evaluation stage. Hopefully, we are going to finalize it very soon and the consultant will design for the dam. They will plan for the equipment and the monitoring also. So, we have taken that offer and are going to finalize it. In the meantime, we have already tendered these hydro mechanical works and other things, the Powerhouse, Civil Works, E&M Works in the packages. The tender has been floated and the discussion is going on. So by the time our diversion tunnel is completed to take the work in that area, we will be able to award all these packages. It requires around nine and a half year and CAPEX around Rs. 30,000 Crore. So, almost Rs. 3000 Crore CAPEX is required per year and there is no issue for us to meet out the capacity requirement for Dibang.

**Aniket Mittal:**

Okay. And just, one last question, and I think there are a number of, renewable projects that you are looking to do on our books itself. If you could just help me, how many of your renewable projects have we signed the PPA and order the EPC contract that would be helpful.

**A.K. Singh:**

Actually, we have signed PPA for 40 MW in case of Odisha and for 65 MW which is through a joint venture Bundelkhand Saur Urja Limited in UP. Consent for 1000 MW at the rate of Rs. 2.45 is already there with us. When we get the approval from the PIB and CCEA, we will be awarding this 1000 MW in the CAPEX mode. We have already gone for the trading mode for 2,000 MW which is going on.

**Aniket Mittal:**

Sure. Thank you so much for taking my questions.



- A.K. Singh:** Thank you.
- Moderator:** Thank you, participants who wish to ask a question may press “\*” and “1” on your touchstone telephone. Participants who wish to ask a question may press “\*” and “1” on your touchstone telephone. We have the next question from the line of Dhruv from HDFC AMC. Please go ahead.
- Dhruv:** Yes. So thank you so much. One clarification you mentioned in Parbati-II, the tunneling run rate will reach 170, 180 by end of next month, right?
- A.K. Singh:** Yes, we will try. As we hope that geology will be better because we have done some testing there. With this, we found that there is no water in that area and rock is good. We have achieved this much progress before July. So we are hoping that we will get the same type of progress.
- Dhruv :** And so the second question was on Dibang, Project is about 10 years and Rs. 30,000 Crore odd project. So, I mean, is this project in phases, for example, of the overall phase it will be completed in say five years then the remaining part will take, I'm trying to understand, when does the regulated equity start earning, income? Will it be only after 10 years or are there some stages between that?
- R.P. Goyal:** It will be capitalized only after full capacity. There will be difference of one month, one and a half month in between each unit. So, total commissioning will be during last one year.
- Dhruv:** Got it, got it. So, will there be some government support in this project because it's a massive project and given a 10 year gestation period, assuming generally hydro projects take even longer, so more than 10 years and the IRR, it will be a bit lower as always. So I'm just trying to understand, are there a lot of government support in this project?
- A.K. Singh:** We are getting around Rs. 7,000 Crore for flood moderation. It is a multipurpose project. It is going to reduce a lot of flood in the downstream area in Assam and Arunachal. We are getting around Rs. 7,000 Crore as a grant against this project from the Government of India.



**R.P. Goyal:** In addition to that, around Rs. 560 Crore for infrastructure development of roads and bridges.

**Dhruv:** So, Rs. 7000 Crore from flood protection and about Rs. 500 Crore to Rs. 600 Crore for infra development and is this over and above Rs. 30,000 Crore or this is included in 30,000 Crore.

**A.K. Singh:** Included. That is the project cost only.

**Dhruv:** Got it. So that way, a lot of the money will be effectively funded. I mean, a decent portion will be funded by the Government and that way, your equity portion will be a bit lower. I mean, your equity will not be locked for that period.

**A.K. Singh:** No.

**Dhruv:** Got it and one last thing is on the cost, your employee cost has come down as well, and your other expenses are also, on a YoY basis flat for nine month basis. So If I understand correctly, you might be getting an incremental in your O&M charges from the regulator, as per the regulatory numbers on an annual basis, but your cost has not increased. So is that fair to understand that this is now contributing positively to our earning?

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

**Dhruv:** Do you think this can continue even next year? And I mean, I am just wondering, will it reverse in the next year which we should be aware of?

**R.P. Goyal:** Yes, actually our employee cost is going down due to retirement of our employees and the O&M charges have already been fixed by the CERC for next five years, 2019-24 period. So it will be contributing positively to our earning.

**Dhruv:** Got it. So, is it possible to share what would be our O&M under recovery now based on what the normative is and what actual is. Say for example, approximately for period FY 22.

**R.P. Goyal:** As of now, there is no under recovery as such. We are within our O&M charges allotted by the CERC.



**Dhruv:** Okay. So there is no O&M under recovery, Perfect. Great. Thank you so much. All the best.

**Moderator:** Thank you. We have the next question from the line of Rohit Natarajan from Antique Stock Broking Ltd. Please go ahead.

**Rohit Natarajan:** Yes, thank you for this opportunity. Sir, my first question is on the capital expenditure, the annual expenditure for FY'22. We were looking at a sum close to Rs 9,000 Crore odd numbers. At least that number, what exactly is the capital expenditure incurred till date?

**A.K. Singh:** Actually, we have kept around Rs 8,500 Crore considering that we will be able to do some solar work also. Around Rs. 2,700 Crore from the solar projects and balance from the hydro power projects. In the hydro power projects, we have already spent around Rs. 3,900 Crore and we anticipate another Rs 1500 Crore by end of the March. So, around Rs. 5,500 Crore, we will be spending under CAPEX this year. It is already Rs 3900 Crore, the highest ever. So, we are doing good CAPEX during this financial year and we are planning almost same for the next year also.

**Rohit Natarajan:** Sure. And my second question is on the solar front. We already have a subsidiary. My question is what is the cumulative equity requirement for the next, let's assume, for the existing portfolio and as well as FY'23, what will the equity entailed only for the solar project? And what is the module cost? Is it favorable for you? Is there any glitch that you see across?

**A.K. Singh:** Actually, we are funding solar projects also in the ratio of 70:30. Since we are in advance stage of working on 1000 MW CPSE Scheme Project, there will be equity requirement of around Rs. 1800 Crore to Rs. 2000 Crore for this project. So, if a project of 100 MW is taken, then total investment will be around Rs 600 Crore out of that Rs. 200 Crore will be from equity.

**Rohit Natarajan:** Okay. finally on the J&K receivable part, I mean, that number, if I recollect your opening remarks correctly, that also has come down, right?





- R.P. Goyal:** Yes.
- Rohit Natarajan:** What is that revised number looking like for receivables over 45 days?
- R.P. Goyal:** Yes. This is Rs 1096 Crore as on day.
- Rohit Natarajan:** Sure sir. Thank you. That's it for myself.
- Moderator:** Thank you. We have the next question from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.
- Aniket Mittal:** Yes. Thank you for the opportunity once again, just one question on the quarterly number. So, if I look at your reported PAT, I think last year PAT number, we've seen a very large one off related to the TLDP-IV order. Yes and if I adjust for that, then we are seeing a very strong growth in the reported PAT number. So if you could just highlight, are there any one offs in this quarter and what is driving the PAT growth?
- R.P. Goyal:** When we are comparing apple to apple, as against Rs. 790 Crore PAT reported during Q3 of last year, we have reported Rs. 755 Crore this quarter. On making apple to apple comparison, it is coming Rs. 545 Crore for the current quarter as against Rs. 458 Crore during the last year's corresponding quarter. There are three major adjustments in last year's Q3. First, Rs. 323 Crore on account of earlier year sales pertaining to TLDP-IV Power Station. Second, Rs. 143 Crore on account of interest income on late notification of tariff. Third, we had provided Tawang Project costing Rs 134 Crore. That expenditure is not there in current year. During current year's quarter, we have two adjustments and then, it is coming to Rs. 545 Crore. One adjustment is on account of increase in Security Expenses by Rs 96 Crore and second, we have made adjustment on account of MAT Recognition of Rs. 1456 Crore and corresponding decrease in RDA due to MAT Credit of Rs. 1343 Crore in the current year's third quarter.
- Aniket Mittal:** So if I were to adjust that side, which is for the one off, still seeing almost 22% growth on the adjusted PAT number on a YoY basis. Is there some efficiency in something that's driving this number?



**R.P. Goyal:** Actually, we are having better generation during current year third quarter and it is giving us 19% increase on apple to apple comparison.

**Aniket Mittal:** So, 19% increase on better generation.

**R.P. Goyal:** Including better generation and lower expenditure. Expenditure towards employee cost and other expenditure.

**Aniket Mittal:** Just to follow up on that. Last year we had got an order if I am not mistaken somewhere in Q3 only. So does that one off in this quarter include any recurring benefits, which is not there in the adjacent number of last quarter.

**R.P. Goyal:** We are having recurring income of Rs. 100 crore around on year to year basis.

**Aniket Mittal:** Okay.

**R.P. Goyal:** compared to earlier orders.

**Aniket Mittal:** Okay. Thank you. That's it for me.

**Moderator:** Thank you. We have the next question from the line of Prashant Kshirsagar from Unived Corporate Research Pvt. Ltd. Please go ahead.

**Prashant Kshirsagar:** Yes, good afternoon, sir. Most of my questions have been answered. There is just one query. In your presentation, you mentioned about the projects awarded already in the Subansiri basin. Can you just elaborate on that, Whether you got fresh projects or that you have got some projects, which were earlier allotted to private sector players and which players were they allotted.

**A.K. Singh:** Yes. Actually these projects were earlier allotted to the private companies. Since they were not doing any work, the Central Government had taken decision in consultation with the State Government that these projects need to be given to PSUs like NHPC and some projects to other PSUs. We have been given three projects. One is 2000 MW Subansiri Upper, second is 1800 MW Subansiri Middle and another is 2700 MW Lower Siang. These projects were earlier allotted to Jindal, Jayprakash and KSK. So, we have to go for the

due diligence and the total money need to be paid back in consultation with the Ministry. The Ministry had made a group of people headed by Chairman, Power Finance Corporation and we are looking into the matter. Before that, we have to get it examined through some consultant. One consultant i.e. E&Y has already done for our one project. For the balance two projects, we are just floating tender from the Big Four. The consultant will evaluate how much expenditure these private companies have made, how much they need to be paid among other things and then we will pay the amount back to them, after the Ministry takes a call. So, we are working on all these projects now. We have already deputed our team also, we posted our officers also at Itanagar and other projects. They are working with the local people, with the State Government and are taking the document for the projects already allotted to private companies.

**Prashant Kshirsagar:** Sir just to understand it in a better manner. So you have been allotted three projects, you said i.e. one is Upper Subansiri, one is Middle Subansiri. And the third one, which I didn't get the name.

**A.K. Singh:** It is Lower Siang. One more project that will basically be the largest project of the country the day it happens. It is almost 10,000 to 11,000 MW Upper Siang Project. So in Siang, for about 10% value, JV partner will be the NEEPCO because they have the local influence over there and 90% from us. It is all tentative and since the meeting will be taken at the highest level i.e. the PMO and NITI Aayog. So, we have to implement this project cautiously with discussions with local people. This is one more project where we have started making the papers and doing whatever we can do.

**Prashant Kshirsagar:** Sir, this Upper Subansiri Project was allotted to which company?

**A.K. Singh:** It is KSK from Hyderabad.

**Prashant Kshirsagar:** Yes and Middle Subansiri was allotted to?

**A.K. Singh:** Jindal.



**Prashant Kshirsagar:** And Middle Subansiri is 1800 or Upper Subansiri is 1800 MW?

**A.K. Singh:** Subansiri Upper is 2,000 MW, Subansiri Middle is 1800 MW and the Siang Lower is 2700 MW.

**Prashant Kshirsagar:** Siang you said? Yes and so the last question is Dibang Project, which you have. It is in the lower Dibang valley if I understand it correctly and so, this Dibang basin has not gone to you or now the Ministry is thinking of giving the entire basin to one company like you have got Subansiri, the entire basin. That way Dibang. Logic behind that, then?

**A.K. Singh:** Logic is that the Dibang Project is already of 2,880 MW. An investment of Rs. 32,000 Crore is there and all the three projects of Subansiri are very big projects totaling more than 5,000 MW. 5000 MW means today, the value per MW comes around Rs. 10 Crore, so almost Rs. 50,000 Crore. So, they have given us Subansiri. They have given it to another PSU because they also want companies that do not have any business and ultimately, it will go to the company which will really perform on the ground. It does not mean that allotment in the paper is fine but the company has to perform. So, our competency is there to perform. A lot of potential is there in Arunachal. Definitely, some project will further come to us. So, you should not worry about the size of the number of projects.

**Prashant Kshirsagar:** No. I am talking from the logic point of view, the basin was not entirely given to you for Dibang. That was my question, sir. In terms of granting the entire basin.

**A.K. Singh:** Yes, that is the reason because they don't have any business. See, three-four basins are there. One has been given to THDC, another given to NEEPCO. NHPC is already working in Subansiri. There is no fifth basin, Satluj can go. So, Satluj has been given project in that area.

**Prashant Kshirsagar:** Yes. Okay.

**Moderator:** Mr. Prashant due to time constraint, this will be the last question.



**Prashant Kshirsagar:** Last question, Sir, earlier, the thinking was Siang project would be abandoned by the Ministry. So now it is going to be get revived seriously because there are some logistics issues in that area. That is the reason I am asking you.

**A.K. Singh:** You are very correct. Really, it was abandoned for some time, but China is making a very big dam on the Siang river and the Ministry is very serious even PMO and the NITI Aayog to develop the project. The consent from the Chief Minister and the State officials have been given to the Central Government also. They have been very positive and the mood of the people is also changing. That is the reason we are moving slowly and even today also, very important leader from the area has come to meet me and they are welcoming us in Siang valley. So, talks are going on but we have to convince the local people because two towns are going to be submerged in that big size reservoir. It is more than 300 meter high dam. This is a big project we are going for and the Government is very keen.

**Prashant Kshirsagar:** Okay. Yes, That was my question. Thank you.

**Moderator:** Thank you. I now hand the conference over to Mr. Rupesh Sankhe for closing comments.

**Rupesh Sankhe:** Yes. Thank you. Also, we thank Mr. A.K. Singh and the entire management of NHPC for giving us an opportunity to host this call. We also thank all the investors and analysts for joining this call. Thank you so much.

**A.K. Singh:** Thank you.

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