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"NHPC Limited
Q2 FY'25 Earnings Conference Call"
November 08, 2024

MANAGEMENT:	**MR. R.K. CHAUDHARY – CHAIRMAN AND MANAGING DIRECTOR – NHPC LIMITED** **MR. R.P. GOYAL – DIRECTOR (FINANCE) – NHPC LIMITED** **MR. UTTAM LAL – DIRECTOR (PERSONNEL) – NHPC LIMITED** **MR. SANJAY KUMAR SINGH - DIRECTOR (PROJECTS) – NHPC LIMITED**
MODERATOR:	**MR. RUPESH SANKHE – ELARA SECURITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to NHPC Limited Q2 FY'25 Earnings Conference Call, hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in 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 star, then zero 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: Yes. Good afternoon, everyone. On behalf of Elara Securities, we welcome you all for the Q2 FY'25 conference call of NHPC. I take this opportunity to welcome the management of NHPC represented by Mr. R.K. Chaudhary sir, Chairman and Managing Director; Mr. R.P. Goyal sir, Director (Finance); Mr. Uttam Lal, Director (Personnel); and Mr. Sanjay Kumar Singh, Director (Projects). So, 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. R.K. Chaudhary sir for his opening remarks. Over to you, sir.

R.K. Chaudhary: Good afternoon, friends. The NHPC Board has adopted Half Yearly Financial Results for the period ended 30th September'24 in its meeting held on 7th November'24 and the same has already been communicated to Stock 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 R.P. Goyal ji.

➢ Brief highlights of the financial results and important updates on the company are as enumerated below:-

- During Half Year FY'25, our power stations have achieved generation of 15,013 million units as against 16,797 million units generated in corresponding period of the previous year, which is lower by about 11%

or 1,784 million units. This is mainly due to heavy flash flood in Teesta basin in October'23, which has resulted into complete shutdown of Teesta-V Power Station, which had generated 1,928 million units in the corresponding previous year. The restoration works at the power station was going on, but in August'24, a landslide occurred at the power station site affecting the Tail Race Tunnel outlet structure and the GIS Building. Necessary remedial actions have already been started and the restoration works are expected to be completed by Q3 FY'26.

- Our Plant Availability Factor for Half Year FY'25 stands at 82.68% against the corresponding previous period Plant Availability Factor of 91.93%, which is about 9% lower. This is mainly due to lower water availability, complete shutdown of Teesta-V Power Station, partial shutdown of TLDP-III Power Station due to flash flood and high silt in the river, less inflow in various power stations and outage of unit at Uri-I Power Station.

- During Half Year FY '25, Company has earned Revenue from Operation of Rs. 4,969 Crore as against Rs. 5,056 Crore in the corresponding previous year, which is about 2% lower.

- During Half Year FY'25, Company has earned Profit After Tax of Rs. 1,929 Crore as against Rs. 2,500 Crore of corresponding previous period, which is 23% lower.

➢ On physical front, as we have been sharing that the active construction work at Subansiri Lower Project Site is going on in full swing. Recently, we have achieved a major milestone in the completion of the project with the successful lowering of the Rotor of Unit 3 weighing 673 tons on 17th October'24. Overall, 94% physical progress of the project has been achieved. We are very hopeful that we can commission three units of the project by March'25 and rest of the units one by one by May'26. The revised cost of project at completion is under process. We have incurred Rs. 22,027 Crore till September’24. The estimated levelized tariff based on the anticipated cost is Rs. 5.60 per unit.

- In respect of Parbati-II HE Project, as we have already shared that we have achieved the daylighting of 31.5 kilometer long Headrest Tunnel of the project. All the major works of the project except 159 meter overt lining and 3,630 meter invert lining of HRT have been completed. Overall, 98% physical progress of the project has been achieved. We are trying our best to complete the remaining overt lining and invert lining of HRT and commission the project by February'25. The anticipated cost of the project is Rs. 12,160 Crore, out of which we have already spent Rs. 11,879 Crore till September’24. The estimated levelized tariff based on the anticipated cost is Rs. 6.73 per unit.

- In respect of Dibang Multipurpose Project (2,880 MW), five out of seven packages related to Design and Engineering Infrastructure Works, Construction of HRT and Powerhouse, E&M Works and HM Work of Pressure Shaft have been awarded. The remaining two packages related to Dam and HM Works are in the tendering stage. We have already shared that we have achieved a significant stride towards ensuring all-weather road access to the project site. The estimated cost of the project is Rs. 31,876 Crore, which includes grant of Rs. 6,716 Crore for Flood Moderation and Enabling Infrastructure Works, out of which we have already incurred Rs. 2,525 Crore till September’24. Further, estimated levelized tariff of the project is Rs. 4.46 per unit and the scheduled completion of the project is February'32.

- In respect of Lanco Teesta Hydro Power Limited’s Teesta-VI Project (500 MW), as we have shared that work is progressing well at site. Work for construction of new bridge is under progress for making permanent approach to Powerhouse. Further, concreting at Barrage area and excavation of HRT is also in progress. Overall, 64% physical progress of the project has been achieved. The estimated cost of the project is Rs. 5,748 Crore, out of which we have already incurred expenditure of Rs. 3,732 Crore till September’24. Estimated levelized tariff of the project is Rs. 4.07 per unit and expected commissioning schedule of the project is December'27. Further, we are in the process of merger of LTHPL with

NHPC and the order for the merger is pending with Ministry of Corporate Affairs.

- Jal Power Corporation Limited's Rangit-IV Project (120 MW) is also progressing well. On 22nd July'24, the project has successfully achieved the daylighting of the HRT. Overall, 80% physical progress of the project has been achieved. The estimated cost of the project is Rs. 1,828 Crore, out of which we have already incurred expenditure of Rs. 1,241 Crore till September'24. Further, we are in the process of merger of JPCL also with NHPC and First Motion Application has been filed with Ministry of Corporate Affairs. The project is expected to be completed by December'25.

- In respect of Ratle HE Project, Union Territory of J&K (850 MW), the work is progressing well at the project site. Overall, 17% physical progress of the project has been achieved. The estimated cost of the project is Rs. 5,282 Crore and we have incurred expenditure of Rs. 784 Crore till September'24. Estimated levelized tariff of the project is Rs. 3.92 per unit and the project is expected to be completed by December'27.

- Presently, NHPC through its subsidiary Chenab Valley Power Projects Limited is executing three projects in Chenab Basin, Union Territory of J&K:-

- Construction work at Pakal Dul HE Project (1,000 MW) is progressing well. Overall, 60% physical progress of the project has been achieved. The estimated cost of the project is Rs. 8,112 Crore, out of which we have incurred expenditure of Rs. 5,092 Crore till September'24. Estimated levelized tariff of the project is Rs. 4.28 per unit and the project is expected to be completed by September'26.

- In respect of Kiru HE Project (624 MW), overall 45% physical progress of the project has been achieved. We have incurred expenditure of Rs. 1,867 Crore till September'24 out of estimated cost of Rs. 4,288 Crore.

Estimated levelized tariff of the project is Rs. 4.64 per unit and estimated completion of the project is September'26.

- In respect of Kwar Hydroelectric Project (540 MW), the work is progressing at site. Overall, 17% physical progress of the project has been achieved. The estimated cost of the project is Rs. 4,526 Crore, out of which we have incurred expenditure of Rs. 770 Crore till September'24. Estimated levelized tariff of the project is Rs. 4.44 per unit and the project is scheduled to be completed by December'27.

➢ Apart from above under-construction projects, NHPC is also working on some projects such as Teesta-IV (520 MW), Sawalkot (1,856 MW), Uri-I Stage-II (240 MW), Dulhasti Stage-II (260 MW), Kirthai-II (930 MW) and Dugar Project (500 MW), which are at different stages of clearances.

➢ In respect of our Hydroelectric Projects in Nepal, final Detailed Project Report for the West Seti Hydroelectric Project (800 MW) has been submitted to the Investment Board of Nepal on 18th October'24 in line with our commitment under the Memorandum of Understanding. Further, an MoU has been signed between NHPC and Rastriya Prasaran Grid Company Limited, Nepal for grid connectivity for West Seti Hydroelectric Project on 13th May'24. The Inception Report submitted by NHPC has been accepted by Investment Board of Nepal in respect of 460 MW West Seti River-6 Hydroelectric Project and the DPR is under preparation. Further, Review Report of DPR has been submitted to Vidhyut Utpadan Company Limited, Nepal in March'24 in respect of Phukot Karnali Hydroelectric Project (624 MW) in Nepal.

➢ PPAs for all under construction projects of NHPC including its subsidiaries have been signed or consent has been received from the discoms for the same.

➢ In respect of 1,000 MW capacity Solar Power Projects allotted under CPSU Scheme-II, the works are progressing well in respect of 300 MW

Project in Bikaner, Rajasthan. In a significant development, Ministry of Power has conveyed approval for laying transmission line for evacuation of power to be generated from the project to Bikaner-II Pooling Station addressing execution challenges due to Great Indian Bustard (GIB) issue. Further, land acquisition is in progress in respect of 600 MW Project in Gujarat and 100 MW Project in Andhra Pradesh.

- NHDC, the subsidiary of NHPC has fully commissioned 88 MW Floating Solar Power Project at Omkareshwar Reservoir on 10th October'24 with the Commercial Operation (COD) obtained on 29th October'24. The cost of the project is Rs. 589 Crore and the tariff of the project is Rs. 3.22 per unit.

- NHPC has awarded the EPC Contract for 200 MW Grid Connected Solar Power Projects (Stage-I) located in 600 MW Solar Park at Khavda, Gujarat to M/s Apollo Green Energy Limited on 5th August'24. The cost of the project is Rs. 929 Crore and tariff of the project is Rs. 2.73 per unit. The project is expected to be commissioned by August'25.

- NHPC has awarded the EPC Contract for 50 MW Floating Solar Power Project in Kerala's West Kallada District to M/s Apollo Green Energy Limited on 26th July'24. Further, the Lease Deed for transferring the water body or land was executed between NHPC and the concerned agency in Kerala, a company owned by land water body owners on 7th September'24. The cost of the project is Rs. 260 Crore and tariff of the project is Rs. 3.04 per unit. The project is expected to be commissioned by February'26.

- NHPC has signed an MoU with the Government of Rajasthan during the Rising Rajasthan Investor Meet on 30th September'24 with an investment plan of Rs. 50,000 Crore. The MoU envisaged development of Pumped Storage Projects, Renewable Energy (Solar/ Floating Solar/ Wind) Power Projects and Battery Energy Storage System in the state of Rajasthan.

- NHPC is also exploring to develop Pumped Storage Projects in the state of Andhra Pradesh, Odisha, Jharkhand, Madhya Pradesh, Chhattisgarh, Gujarat, Tripura, Punjab and Maharashtra. We have submitted Pre-Feasibility Report of Indirasagar Omkareshwar (640 MW), Tekwa-2 (800 MW) and Satpura-2 (1,500 MW) Pumped Storage Scheme situated in Madhya Pradesh. Further, Pre-Feasibility Report of Savitri Pumped Storage Project (1,800 MW), Kengadi PSP (600 MW) situated in Maharashtra, Masinta PSP (1,000 MW) situated in Odisha and Kuppa PSP (900 MW) situated in Gujarat have also been submitted. For other projects, preparation of PFR is in process. The Detailed Project Report for Savitri PSP is under preparation.

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

R.P. Goyal: Good afternoon, 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 30th September'24 in its meeting held on 7th November'24 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'25, our power stations have achieved generation of 15,013 million units as against 16,797 million units generated in corresponding period of the previous year, which is lower by about 11% or 1,784 million units.

  During Q2 FY'25, our power stations have achieved generation of 8,034 million units as against 9,010 million units generated in corresponding period of the previous year, which is lower by about 11% or 976 million units.

- Our PAF for Half Year FY'25 stands at 82.68% against the corresponding previous period PAF of 91.93%, which is about 10% lower.

  Our PAF for Q2 FY'25 stands at 84.87% against the corresponding previous period PAF of 89.78%, which is about 5% lower.

- For Half Year FY'25, Company has earned Revenue from Operations of Rs. 4,969 Crore as against Rs. 5,056 Crore in corresponding previous period, which is about 2% lower or by Rs. 87 Crore. The decrease in revenue is mainly due to lower generation.

  During Q2 FY'25, Company has earned Revenue from Operations of Rs. 2,551 Crore as against Rs. 2,485 Crore in the corresponding previous period, which is about 3% higher or by Rs. 66 Crore. The increase in revenue is due to increase in Sales pertaining to previous year by Rs. 170 Crore and Unbilled Revenue towards Insurance and Security Expenses by Rs. 169 Crore, which is further offset by decrease in Energy Charges by Rs. 190 Crore and decrease due to reimbursement of Water Cess by Rs. 85 Crore.

- Other Income for Half Year FY'25 is of the order of Rs. 739 Crore in comparison to Rs. 408 Crore during the corresponding previous period, which is about 81% higher or by Rs. 331 Crore. This is mainly due to increase in realization of Business Interruption Loss against Insurance Claim by Rs. 155 Crore mainly related to Teesta-V Power Station. Further, there is increase in Provision Not Required Written Back by Rs. 104 Crore, which mainly pertains to reversal of provision in respect of expenditure incurred on Bursar Project of Rs. 99 Crore and increase in Dividend Income by Rs. 54 Crore.

  Other Income for Q2 FY'25 is of the order of Rs. 370 Crore in comparison to Rs. 129 Crore during the corresponding previous period, which is about 187% higher or Rs. 241 Crore. This is mainly due to realization of Business Interruption Loss against Insurance Claim by Rs.

138 Crore pertaining to Teesta-V Power Station and increase in Dividend Income by Rs. 67 Crore.

- During Half Year FY’25, the Generation Expenses have come down from Rs. 915 Crore to Rs. 595 Crore means by Rs. 320 Crore, which is mainly due to non-creation of liability against Water Cess for the power stations located in the State of Himachal Pradesh where the relevant Act has been deemed unconstitutional by the Honorable High Court of Himachal Pradesh and in the State of Sikkim, where management is of the opinion that obligation to pay Water Cess beyond what has already been paid is at best contingent in nature.

  During Q2 FY’25, the Generation Expenses have come down from Rs. 397 Crore to Rs. 313 Crore means by Rs. 84 crore, which is again mainly due to same reason I just mentioned.

- During Half Year FY’25, the Employee Cost has gone up from Rs. 619 Crore to Rs. 629 Crore means by Rs. 10 Crore, which is almost flat.

  During Q2 FY’25, the Employee Cost has come down from Rs. 321 Crore to Rs. 318 Crore means by Rs. 3 Crore, which is almost flat.

- During Half Year FY’25, there has been increase in the Finance Cost from Rs. 245 Crore to Rs. 526 Crore means by Rs. 281 Crore which is mainly due to increase in Interest on Arbitration/ Court Cases of Rs. 338 Crore, which is further offset by decrease due to change in Weightage Average Rate of Interest by Rs. 15 Crore and decrease due to Repayment of Loans by Rs. 20 Crore. As per CERC Regulations 2024-29, the applicable Interest on Arbitration/ Court Cases has to be recovered from the beneficiaries after CERC Order for which petitions are being filed.

  During Q2 FY’25, there has been increase in the Finance Cost from Rs. 126 Crore to Rs. 298 Crore means by Rs. 172 Crore which is mainly due to increase in Interest on Arbitration/ Court Cases of Rs. 203 Crore, which is further offset by decrease due to change in Weighted Average

Rate of Interest by Rs. 7 Crore and decrease due to Repayment of Loans by Rs. 9 Crore.

- During Half Year FY'25, the Depreciation and Amortization Expenses has remained same at Rs. 553 Crore as against corresponding period of previous year.

  During Q2 FY'25, the Depreciation and Amortization Expenses have come down from Rs. 277 Crore to Rs. 271 Crore means by Rs. 6 Crore, which is almost flat.

- During Half Year FY'25, Other Expenses have gone up from Rs. 709 Crore to Rs. 899 Crore means by Rs. 190 Crore, which is mainly due to increase in Insurance Expenses by Rs. 108 Crore, increase in R&M Expenses by Rs. 30 Crore and increase in CSR Expenses by Rs. 11 Crore. As per CERC Regulation 2024-29, the applicable Insurance Expenses and Security Expenses are recoverable from beneficiaries after CERC Order for which petition is being filed.

  During Q2 FY'25, Other Expenses have gone up from Rs. 344 Crore to Rs. 489 Crore means by Rs. 145 Crore, which is mainly due to the increase in Insurance Expenses by Rs. 64 Crore and increase in R&M Expenses by Rs. 18 Crore.

- During Half Year FY'25, Tax Expenses have gone up from negative Rs. 30 Crore to Rs. 668 Crore means by Rs. 698 Crore. This is mainly due to the reason that during corresponding previous period, MAT Credit of Rs. 529 Crore was recognized. During this period, no MAT Credit has been recognized, whereas MAT Credit of Rs. 221 Crore has been utilized. This has resulted in a negative impact of Rs. 221 Crore on the PAT of the Company.

  During Q2 FY'25, Tax Expenses have gone up from negative Rs. 273 Crore to Rs. 360 Crore means by Rs. 633 Crore. This is mainly due to the reason that during corresponding previous year period, MAT Credit of Rs. 519 Crore was recognized. During this period, no MAT Credit has been recognized, whereas MAT Credit of Rs. 141 Crore has been utilised. This has resulted in a negative impact of Rs.141 Crore on the PAT of the Company.

- During Half Year FY'25, we have earned PAT of Rs. 1,929 Crore as against Rs. 2,500 Crore of corresponding previous period, which is down by Rs. 571 Crore or 23% approx. and the reasons for decrease/increase in the line items, we have just discussed.

  During Q2 FY'25, we have earned PAT of Rs. 905 Crore as against Rs. 1447 Crore of corresponding previous period, which is down by Rs. 542 Crore or 37% approx. and the reasons for decrease/increase in the line items, we have just discussed.

- During Half Year FY'25, the Incentive on account of Secondary Energy and Deviation Charges were Rs. 27 Crore, which is equal to the amount in corresponding previous Half Year period, so this remains flat.

  During Q2 FY'25, the Incentive on account of Secondary Energy and Deviation Charges were to the tune of Rs. 16 Crore, which is again equal to the amount in the corresponding previous year period. So, there is no increase or decrease on account of these two incentives.

- The PAF Incentive for the Quarter and Half Year is Nil due to change in methodology for recognizing incentive income. The PAF Incentive shall be recognized once the capacity charges of a particular power station is fully recovered.

- CAPEX of Rs. 4,812 Crore has been incurred during Half Year FY'25 against target CAPEX of Rs. 11,762 Crore for the whole Financial Year 2024-25 on Consolidated basis.

- The Company has paid final dividend at the rate of 5% i.e. Rs. 0.50 per equity share for the Financial Year 2023-24 in the month of September'24, which is in addition to interim dividend at the rate of 14% i.e. Rs. 1.40 per equity share resulting in total dividend at the rate of 19%

i.e. Rs. 1.90 per equity share on the face value of paid-up equity shares of Rs. 10/- each.

➢ Other major highlights of the Company are as under:-

- On realization front, NHPC has received Rs. 4,588 Crore from the beneficiaries against Sale of Energy during Half Year FY'25 as compared to Rs. 5,065 Crore in the corresponding period of previous year. Trade Receivables as on 30th September'24 stands at Rs. 4,266 Crore as against Rs. 5,970 Crore as on 30th September'23. This includes Rs. 2,812 Crore as Unbilled Debtors as on 30th September'24 as against Rs. 2,685 Crore as on 30th September'23.

- The net receivables out of total reported Trade Receivables as on 30th Septmeber'24 are as under:-

  The reported Trade Receivables are Rs. 4,266 Crore, which includes Unbilled Debtors of Rs. 2,812 Crore. So, Billed Receivables works out to Rs.1,454 Crore. Out of that, Rs. 209 Crore is on account of Debtors Dues Converted into Instalments under Electricity Late Payment Surcharge Rules. So, net receivables are Rs. 1,245 Crore, which stands billed to the beneficiaries and out of that, Debtors more than 45 days are only Rs. 499 Crore. So, there is no issue on account of Debtors/ Outstanding Receivables.

- Unbilled Debtors mainly include Impact of AFC Billed and Recoverable as per regulations 2019-24 including Security Expenses of Rs. 756 Crore, Unbilled Sales for the month of September'24 which is Rs. 716 Crore, Impact of Effective Tax Rate on Return on Equity of Rs. 459 Crore and Energy Shortfall of Rs. 376 Crore.

- Net Trade Receivables as on 5th November'24 stands at Rs. 870 Crore, which includes more than 45 days debtors of Rs. 118 Crore only.

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

Moderator: We will now begin the question-and-answer session. The first question is from the line of Ragini from Elara Capital. Please go ahead.

Ragini Pande: So sir, what is the under recovery in Teesta-V Hydro Plant?

R.P. Goyal: Yes. As you know, our Teesta-V Power Station is down since October'23 due to flash flood in the Teesta Basin. But our Business Interruption Loss is fully insured for one year period and one year period has completed in September'24. So, after September'24, we will not be getting any Business Interruption Loss from Insurance Company and whatever expenditure is being incurred, that will go to the Profit and Loss Account. So you can say, there is loss of revenue in the respect of Teesta-V.

Ragini Pande: Sir, what was the amount you said, loss? What's the loss amount?

Management: Yes, Ragini, so on annual basis, the total AFC of Teesta-V is around Rs. 450 Crore and the recoverable amount from Insurance Company is Rs. 410 Crore, out of which we have already recovered Rs. 250 Crore so far. So, if you consider on annual basis, the total loss on account of Teesta-V without Business Interruption Loss (BI loss) Claim would be around Rs. 450 Crore. But since for 12 months indemnity period, our insurance policy is there, so recoverable amount stands at Rs. 410 crore. So, in a way you can say that under recoveries are around Rs. 40-50 Crore only.

Ragini Pande: Okay and when will this plant begin operations?

R.P. Goyal: As per our latest estimate, this plant will commence generation by December'25. Reason being, this plant suffered a second incident in August'24.

Ragini Pande: Okay and sir, for the projects for which the PPA exist or for which you signed the Power Purchase Agreement. Is there any issue in signing the Power Supply Agreement for a Renewable Project, as a Renewable Energy Implementation Agency?

R.P. Goyal: So far Hydro Power Stations are concerned, our power is totally tied up and there is no issue of signing of PPA. But in case of Renewable Energy from Solar or Hybrid Mode, wherever the Solar Power is in the range of Rs. 2.60, Rs. 2.65 per unit, there is no issue. But in case of some of the tenders in REIA Mode, we are facing problems in signing PPA. But there is no risk from NHPC side because we are implementing these projects in REIA Mode only.

Ragini Pande: So, I mean, is there a risk of cancellation of PPA for such renewable projects?

R.P. Goyal: No. Whatever PPA has been signed, they are being honoured. But in case of future in REIA Mode, if tariff is in viable range, PPA will be certainly signed. But if tariff is high, certainly DISCOMs may refuse to sign.

Ragini Pande: Okay, I will join back the queue.

Moderator: Thank you. The next question is from the line of Rupesh Sankhe from Elara Capital. Please go ahead, sir.

Rupesh Sankhe: Good afternoon, sir. A couple of questions. Firstly sir, on Regulated Equity. What is the Regulated Equity you are expecting post commissioning of JV, Standalone Projects, let's say, in the next 3 to 4 years? And second question is sir, we have significant CAPEX ahead over next 7 to 8 years. So, how are we placed in terms of cash flows to meet this equity CAPEX contribution? That is the second question.

Management: Yes, Rupesh. So, since we have been discussing regarding this Regulated Equity, you are aware that currently the Company is placed at the Regulated Equity level of almost Rs. 13,000 Crore. Now going forward, we have the capacity addition from Parbati-II, Subansiri, then Rangit-IV and then couple of projects from our JV side, subsidiary side also. So, if you look at the year wise capacity addition and their resultant Regulated Equity, I can share with you by end of FY'25, after commissioning of Parbati-II, our Regulated Equity will be Rs. 16,500 Crore from the current level of Rs. 13,000 Crore.

Then in FY'26 after commissioning of Rangit-IV, the resultant Regulated Equity will be Rs. 17,000 Crore and by FY'27 after full commissioning of Subansiri and Pakal Dul (1,000 MW), the resultant Regulated Equity will be Rs. 25,365 Crore. And by FY'28 which is a major year from the commissioning perspective, we are going to commission three projects, Teesta-VI (500 MW), Kwar (540 MW) and Ratle (850 MW). So, Regulated Equity will be Rs. 28,590 Crore. So, meaning thereby, in next four years, our Regulated Equity is going to be more than double. So, current level of Rs. 13,000 Crore is going to be Rs. 28,500 Crore.

R.P. Goyal: Regarding your question about cash flow for incurring CAPEX, our present Debt Equity Ratio is in the range of 0.84 only. So, there is no issue of cash flow. After commissioning of these ongoing projects, we will have sufficient internal accruals for infusing equity in the upcoming projects and for raising debt, we have no issue because we are very under leveraged.

Rupesh Sankhe: Okay, sir. Thank you.

Moderator: Thank you. The next question is from the line of Anuj Upadhyay from Investec Capital. Please go ahead.

Anuj Upadhyay: Thanks for the opportunity, sir. Sir, if you can share details on the Secondary Charges, UI and Incentives for the quarter in comparison to the last year corresponding quarter, that would be helpful. That would be my first question.

R.P. Goyal: During this Half Year, we have earned Secondary Energy Charges to the tune of Rs. 3 Crore as against corresponding previous period of Rs. 6 Crore and Deviation Charges, we have earned Rs. 24 Crore in this Half Year as against Rs. 21 Crore in the corresponding previous period. And for the Quarter, the Secondary Energy Charges is again Rs. 3 Crore as against Rs. 6 Crore in the corresponding previous period. Deviation Charges are Rs. 13 Crore as against Rs. 10 Crore in the corresponding previous period. Any other detail?

Anuj Upadhyay: Okay, nothing on Incentive, sir?

R.P. Goyal: As I told you, we have changed the system of recognizing PAF Incentive. PAF Incentive will be recognized after achieving NAPAF. So, whatever the PAF Incentive will be, that will be realized majority in the fourth quarter.

Anuj Upadhyay: Okay and sir, just a follow-up on the previous question where you are referring that the Insurance Cover is for the 1 year on the interruption for the Teesta. So as against Rs. 450 Crore of our fixed cost, we have recovered Rs. 410 Crore and Rs. 40 Crore is roughly under recovery until September?

R.P. Goyal: But out of this Rs. 450 Crore, we will be recovering Rs. 410 Crore after absorbing Rs. 40 Crore on account of Excess Clause. So out of Rs. 410 Crore, we have already recognized Rs. 250 Crore up to September Quarter and balance Rs. 160 Crore will be recognized in the coming period.

Anuj Upadhyay: Got it, sir, But this Insurance Cover is only for the 1 year since the plant has gone for the outages. So sir, from here on, as you mentioned, the COD is expected in December'25, that is say another 15 months from now. So, is it fair to assume that for next 1 year or 15 months, your under recovery would cross closer to around Rs. 450 – 500-odd Crore.

R.P. Goyal: Yes, sir. So, you correctly understood.

Anuj Upadhyay: And there is no cover for this?

R.P. Goyal: Yes, there is no cover because cover is limited to 1 year only.

Anuj Upadhyay: Fair point sir. This was helpful sir. Thank you.

Moderator: Thank you. The next question is from the line of Rupesh Sankhe from Elara Securities Private Limited. Please go ahead sir.

Rupesh Sankhe: One more question, sir. Can you just give us update on the Dibang Project, sir and any awarding of EPC tender for the Sawalkot and Dugar?

R.K. Chaudhary: For Dibang Project, as I explained, five contract packages out of the seven contract packages have already been awarded and the works are going well on the project site. We have established the permanent access which is without interruption to the project site. So, that is one and the progress on the various underground structures, the diversion tunnel, these are going well.

Presently, we are in the process of tendering the Dam Contract and we are hopeful that by another 2-3 months, we will be able to award the Dam Package. And thereafter, only one package will be left, Hydromechanical. So that will take some time and it is required to be awarded after few months, so no issue. So, Dibang is going well. No problem is there. Any more questions?

Rupesh Sankhe: Sir, regarding this EPC tender for Sawalkot and Dugar?

R.K. Chaudhary: Sawalkot and Dugar. Dugar, we have already floated tender for Civil Works and the last date was 11th November. So just at the request of few bidders, we have extended the bids. Now, we have recommended to extend the bid by another three weeks. And Sawalkot, we are just in the process of floating the tender for Infrastructure and Diversion Tunnel Works and also floating tender for the Consultancy Works for Design and Drawings of the Dam Package.

Rupesh Sankhe: Thank you for the updates.

Moderator: Thank you. The next question is from the line of Kaushal from Antique Stock Broking. Please go ahead.

Kaushal: Thanks for the opportunity. Sir, I joined the call a little late, so pardon for repetition. Can you share the Adjusted PAT number for this quarter and the same period last year?

Management: Yes. So in the Adjusted PAT adjustment, you can just consider one item, which is reversal of provision of Bursar which is around Rs. 104 Crore. Apart from that, all other items are regular in nature. So accordingly, you can find out the Adjusted PAT.

R.P. Goyal: Mr. Kaushal, our Operating Profit is comparable with last year. The dip is only on account of MAT Credit which we recognized last year and which is not available in current year. Otherwise, our Operating Profit is just comparable with last year.

Kaushal: Okay and then this Rs. 100 Crore which you mentioned.

R.P. Goyal: Rs. 100 Crore is on account of reversal of one provision which we created in past and which has been reversed during current year because it is recoverable from the Government of India.

Kaushal: Okay. So, this is more like a Prior Period Income booked this quarter?

R.P. Goyal: Yes, you can say.

Kaushal: Okay. So to that extent, I mean, like ideally from Rs. 905 Crore, we should subtract this Rs. 100 Crore to come to Adjusted PAT. Is that fair understanding?

R.P. Goyal: No, Rs. 905 Crore does not consider this Rs. 100 Crore. Rs. 100 Crore was recognized in first quarter.

Kaushal: Got it, sir and this Other Income increase that we see, so that is primarily the Insurance Claim that is getting booked out here?

R.P. Goyal: Yes, it is on account of Business Interruption Loss in respect of Teesta-V and Dividend Income which is higher by Rs. 54 Crore in Current Half Year.

Kaushal: Okay and in the call, you did mention that for this Insurance Claim of Rs. 250 Crore is booked until now, so which means the incremental to reaching Rs. 410-odd Crore, which is almost like Rs. 160-odd Crore. So we'll be booking in the next 12 months?

R.P. Goyal: Rs. 160 Crore will be booked in the next two quarters on the basis of certainty, we receive from Insurance Company. For Rs. 250 Crore, either amount has been received or we have received their acceptance. But for Rs. 160 Crore, we have to receive the consent of the Insurance Company in coming period.

Kaushal: Right and then this AFC is roughly Rs. 450-odd Crore, but as far as expenses are concerned, say to the extent of, I can understand like there won't be any O&M since the project is not in operation. So what are the fixed charges that you need to incur? I mean that probably has to be there for the next, let's say, December'25. So what are the fixed charges that is incurred?

R.P. Goyal: In our case, generally it is fixed cost. Operation & Maintenance Staff is there, which will remain there and Interest, Finance Charges will be there, Depreciation will be there. So, 90% cost are in the nature of fixed cost and it will be incurred in the coming period. There is no variable part as such in our case.

Kaushal: No, my question was more to do with like because this AFC has ROE component. So I can understand there won't be any ROE, but there are certain fixed costs which will lead to under recovery, maybe like interest you need to pay to the banks, some annual depreciation accounting, you will continue. So to that extent, I was trying to understand. Sir, one question on this Rs. 460 Crore AFC, what is the ROE component?

R.P. Goyal: ROE is Rs. 228 Crore. Annual expenses in the range of Rs. 220 Crore.

Kaushal: Got it, sir and then this Parbati-II again, I think there is quarter delay. That's fair to understand, right, commissioning?

R.P. Goyal: As per our plan, it was to be commissioned in December'24. But hydro has some challenges. That's why we are shifting our goal posts to February'25, we are starting filling the reservoir and we are testing gates etc. of the reservoir, dam and our balance of activities are being completed. We are very much hopeful that we will be commissioning this project in February'25.

Kaushal: Right, sir and then what could be an ideal phasing of this 4 units? I mean, February and then how?

R.P. Goyal: All the units will be commissioned at a time in a single stroke, because units have been tested and these will be operated one by one with the available water. So, commissioning will happen in single stroke only.

Kaushal: Okay, sir and then even for Subansiri Lower, the Quarter 1 of FY'27. So again, it is a one stroke or phasing will be there in that?

R.P. Goyal: In respect of Subansiri, as per our plan, we will be commissioning three units by March'25 and rest five units will be commissioned in phased manner and the complete project will be commissioned by May'26.

Kaushal: May'26? Okay. Got it. Sir, that's all from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Nikhil from UTI Mutual Fund. Please go ahead.

Nikhil: Sir, my first question is regarding the Note 8 of Standalone Financial Results. So, we are basically booking the Insurance Claims and then again we are expanding them through to Other Expense. Can we understand why we are doing that?

R.P. Goyal: Mr. Nikhil, it is as per Accounting Guidelines and Accounting Standards. The Loss is to be booked under Other Expenses. These two activities are separate activities. Happening of loss is one activity and recovering the Insurance Claim is a separate activity. So, if you recognize the Claim on account of Insurance, it is being shown under Other Income.

Nikhil: So, of the total AFC of around Rs. 450 Crore, how much are we recovering from the insurance?

R.P. Goyal: Out of Rs. 450 Crore annual AFC, we are expecting to recover Rs. 410 Crore after deducting Excess Clause.

Nikhil: So, Rs. 40 Crore is from?

R.P. Goyal: Rs. 40 Crore will be under recovery. Out of Rs. 410 Crore, we have already recognized Rs. 250 Crore and balance Rs. 160 Crore, we will recognize in the coming period of this Financial Year.

Nikhil: Understood and sir, my second question is regarding we were looking to monetize and securitize ROE for Dulhasti?

R.P. Goyal: Yes.

Nikhil: So, are we on track on that and how much cash flow should we expect from that?

R.P. Goyal: We have already completed this exercise and we have realized Rs. 2,300 crore-plus on account of this Securitization.

Nikhil: Rs. 2,300 Crore. For how many years have you securitized?

R.P. Goyal: We have securitized for 8 years period and the total amount which we have realized is Rs. 2,348 Crore.

Nikhil: Rs. 2,348 Crore. Sir, the Regulated Equity for this plant will be somewhere around Rs. 1,500-odd Crore, right?

R.P. Goyal: No, in case of Dulhasti, the Regulated Equity is Rs. 2,050 Crore.

Nikhil: Rs. 2,000-odd Crore. Okay and you touched upon this point earlier as well. For solar plants, you mentioned the tariffs somewhere around Rs. 2.60, you're getting the PPAs, but even for the complex projects, the

FDRE or the Hybrid Projects, the PPA signing, is it taking some time because from the presentation, I can see that a lot of them have not signed yet?

R.K. Chaudhary: Yes. For FDRE, we are getting the tariff of Rs. 4.73 or Rs. 4.75 and we are getting DISCOMs, the PPAs are being signed, only 1,200 MW was pending. So, we are in discussion with Uttar Pradesh DISCOM and we are hopeful that within a short period, we are going to sign the PPA for remaining unsigned capacity.

Nikhil: So sir, till date as intermediary, how much capacity have we tendered out and for how much have we signed the PPA, if you can give us?

R.K. Chaudhary: Yes, just I will give.

R.P. Goyal: We have tendered around 9,000 MW capacity. Out of that, we have signed PPA or we have received consent for around 7,000 MW. For balance, we are in touch with DISCOMs and we are hopeful to receive their consent. Otherwise also, there is no risk to NHPC because this is in REIA Mode only. We have no CPAEX in this.

Nikhil: Sir and we will be earning 7 paisa per unit.

R.P. Goyal: Yes, 7 paisa fixed.

Nikhil: Sure. That's all from my side. Thanks and all the best.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question, I now hand over to Mr. Rupesh Sankhe for closing comments.

Rupesh Sankh: Yes, we thank the NHPC management for giving us an opportunity to host this call and we really appreciate for the detailed presentation there on the website. And we also thank all the investors and the analysts for joining this call.

Management: Thanks a lot, Rupesh.

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.