



Ref. No.:01/ FA/ISD/Compliance/2022-23

Dated: 01.11.2022

Listing Department National Stock Exchange of India Limited 'Exchange Plaza', C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. Scrip Code - NTPC	Corporate Relationship Department, BSE Limited, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai - 400 001. Scrip Code - 532555
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Sub: Transcript of conference call held with Analysts & Investors on 29 October 2022

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that a conference call was held on 29 October 2022, wherein Management of NTPC Ltd. discussed the Company's results for the quarter and half year ended 30 September 2022 with the Analysts and Investors.

Transcript of the above mentioned conference call is attached herewith and can also be accessed at:
<https://www.ntpc.co.in/en/investors/announcements/transcripts>

Yours faithfully,

(Aditya Dar)
Executive Director (Finance)



“NTPC Limited
Q2 FY23 Earnings Conference Call”

October 29, 2022

Management: Mr. Jaikumar Srinivasan, Director (Finance)

Mr. Dillip Kumar Patel, Director (Human Resources)

Mr. Ramesh Babu V., Director (Operations)

Mr. Chandan Kumar Mondol, Director (Commercial)

Mr. Ujjwal Kanti Bhattacharya, Director (Projects)



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Moderator: Good day, ladies and gentlemen, and welcome to the Q2 FY23 Earnings Conference Call of NTPC Limited, hosted by ICICI Securities. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Modi from ICICI Securities Limited. Thank you, and over to you, Mr. Modi.

Rahul Modi: Thank you, Michelle. On behalf of ICICI Securities, I welcome you all to the Q2 FY23 Earnings Conference Call of NTPC. We have with us the senior management of NTPC, represented by Mr. Jaikumar Srinivasan, Director (Finance), Mr. Dillip Kumar Patel, Director (Human Resources), Mr. Ramesh Babu V., Director (Operations), Mr. Chandan Kumar Mondol, Director (Commercial) and Mr. Ujjwal Kanti Bhattacharya, Director (Projects). With this, I would like to hand over the call to Mr. Srinivasan for his opening remarks, and then we can have a Q&A session. Thank you for your time, sir. Over to you.

Jaikumar Srinivasan: Thank you. A very good evening to all the participants. I, Jaikumar Srinivasan, Director (Finance), welcome all of you to the Q2 FY23 Conference Call of NTPC Ltd. I have with me Shri Dillip Kumar Patel, Director (Human Resources), Shri Ramesh Babu V., Director (Operations), Shri Chandan Kumar Mondol, Director (Commercial) and Shri Ujjwal Kanti Bhattacharya, Director (Projects). I also have with me other key members of NTPC team.

Today, the Company has announced the unaudited financial results for Q2 FY23 along with half-year results of FY23. The Key Performance Highlights for the quarter and half-year ended 30 September 2022 have already been disclosed on both the stock exchanges.

NTPC has completed yet another remarkable quarter with a very strong operational and financial performance. We have made significant progress on various strategic initiatives including renewables.

Operational Highlights of Q2/H1 FY23

- During H1 FY23, NTPC has added 1952 MW commercial capacity to its portfolio, out of which a capacity of 672 MW was added from renewable sources. As on 30 September 2022, the commercial capacity of NTPC stands at 57639 MW on standalone basis and 70254 MW for the Group.
- NTPC Group generated 204 Billion Units in H1 FY23 as compared to 177 Billion Units in H1 FY22, an increase of ~15%. NTPC's standalone gross generation in H1 FY23 is 176 Billion Units as compared to 151 Billion Units in the corresponding previous period registering an increase of ~16%.



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- During H1 FY23, PLF of coal stations of NTPC was 77.27% as against the National Average of 64.46%, thereby maintaining a spread of above 12% over the National average. For H1 FY23, 4 coal stations of NTPC group viz. Rihand, Singrauli, Bhilai and Talcher were among the top 10 performing stations in the country in terms of PLF.
- During the H1 FY23, there has been lesser generation due to grid restrictions and fuel supply of 40 Billion Units and 2 Billion Units respectively as against 52 Billion Units and 3.19 Billion Units in the corresponding period of previous year.
- Status of Fuel Supply:
 - During H1 FY23, materialisation of coal against ACQ was 99.93% as against 96.04% in the corresponding previous period.
 - Coal supply during H1 FY23 was 112 MMT including 10 MMT of imported coal. The coal supply during the corresponding previous period was 92.86 MMT including 0.88 MMT of imported coal.
- NTPC has registered highest ever coal production of 8.76 Million Metric Tonnes (MMT) in H1 FY23 with growth of over 58% as against 5.54 MMT in H1 FY22. Coal Production from Chhatti Bariatu mine has started from 29 September 2022. Cumulative expenditure of ₹ 8,527.06 crore has been incurred on the development of coal mines till 30 September 2022.

Now I will update on various other financial activities:

- Total Income for Q2 FY23 is ₹ 41,810.96 crore as against corresponding quarter of previous year Total Income of ₹ 30,305.83 crore, registering an increase of 37.96%. On half-year basis, there is an increase of 41.93% in the Total Income i.e., from ₹ 58,153.09 crore in H1 FY22 to ₹ 82,536.63 crore.
- PAT for Q2 FY23 is ₹ 3,331.20 crore, as against ₹ 3,156.74 crore in the corresponding quarter of previous year. On half-year basis, PAT is ₹ 7,048.16 crore as against ₹ 6,417.66 crore in H1 FY22 registering an increase of 9.82%.
- Total Income of the group for H1 FY23 is ₹ 88,242.22 crore as against corresponding previous period Total Income of ₹ 63,486.27 crore, registering an increase of 39%. PAT of the group for H1 FY23 is ₹ 7,395.44 crore as against corresponding previous period PAT of ₹ 7,134.67 crore, registering an increase of 3.65%.
- During H1 FY23 our subsidiaries have earned profit of ₹ 867.65 crore as compared to ₹ 790.14 crore in the corresponding period of previous year registering an increase of 9.81%. NTPC's



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share of profit in JVs has decreased from ₹ 526.45 crore in H1 FY22 to ₹ 120.57 crore in H1 FY23.

- During H1 FY23, we have accounted dividend income of ₹ 640.94 crore from our Subsidiaries and Joint Venture Companies as against ₹ 613.46 crore received during H1 FY22.

The regulated equity as on 30 September 2022 was ₹ 74,865.53 crore for NTPC on standalone basis.

Fund Mobilization

- In the current financial year, NTPC has signed term loan agreements of ₹ 2,000 crore, ₹ 1,000 crore and ₹ 2,000 crore with HDFC Bank, UCO Bank and Bank of Baroda respectively, totalling ₹ 5,000 crore.
- NTPC has issued Bonds aggregating to ₹ 3,500 crore during H1 FY23:
 - ₹ 1,500 crore @ 5.78% p.a. on 29 April 2022 for a period of 2 years.
 - ₹ 2,000 crore @ 7.44% p.a. on 25 August 2022 for a period of 10 years.
- Average cost of borrowing as on H1 FY23 is 6.22% as compared to 5.96% in H1 FY22.

CAPEX

- In H1 FY23, we have incurred a group CAPEX of ₹ 16,664.19 crore as compared to ₹ 15,137.67 crore in the corresponding previous period.
- The Capital outlay of NTPC standalone has been estimated at ₹ 22,454 crore for FY23.

Further, I would like to list a few other highlights:

- NTPC group, has a strong commitment towards Renewable Energy. NTPC has diversified into producing energy through cleaner and greener sources such as hydro, wind and solar. Company has also forayed into a variety of business areas including fuel cells, e-mobility, green hydrogen solutions and waste-to-energy. NTPC Group has already commissioned 2524 MW of RE projects under EPC mode till the end of second quarter. Presently, 5348 MW of RE projects including ongoing projects of NTPC REL are under construction. Further Bids for 650 MW have been won which will be awarded soon. NTPC is well on its way for development of Solar Park of 4.75 GW in Gujarat. Further, plans for development of another 21 GW UMREPP is in various stages.
- NTPC's wholly owned subsidiary viz. NTPC Renewable Energy Limited (NTPC REL), has incorporated Green Valley Renewable Energy Limited, as its subsidiary in a 51:49 Joint Venture with DVC. The main object of the company is to develop, operate and maintain Renewable Energy Park and Project(s) in reservoirs and land owned by DVC.



- NTPC has acquired 50% share in Jhabua Power Limited (JPL) through Corporate Insolvency Resolution Process. JPL located in Madhya Pradesh has an operational capacity of 600 MW. This is the first acquisition of a power asset by NTPC through the NCLT route, a step forward in accomplishing NTPC's long-term capacity addition targets.
- Under the Scheme of Amalgamation, merger of Kanti Bijlee Utpadan Nigam Ltd. and Nabinagar Power Generating Company Ltd., wholly owned subsidiaries of NTPC was effected vide MCA order dated 26 August 2022 after being approved by shareholders and unsecured creditors in line with order of Ministry of Corporate Affairs dated 28 January 2022.
- NTPC and IOC Limited signed a non-binding agreement for the proposed formation of a joint venture company for meeting the power requirement of new projects of Indian Oil refineries. Going forward, NTPC proposes to form a JV company between its subsidiary NTPC Green Energy Limited (NGEL) and IOCL for supply of RE-RTC power to IOCL.
- Amongst the several MOUs signed by NTPC and its subsidiaries, a few are being highlighted:
 1. NTPC Renewable Energy Limited has signed a MoU with Government of Rajasthan for Development of 10 GW Ultra Mega Renewable Energy Power Parks (UMREPP) in Rajasthan.
 2. NTPC REL has signed a MoU with National Fertilizers Limited (NFL) to collaborate in the field of Renewable Energy Green Chemicals and mutually explore opportunities for the supply of 90 MW RE RTC (Round The Clock) power in phases and synthesizing 50 TPD Green Ammonia for captive use for production of Industrial products by NFL. This is a first of its kind novel initiative by two leading CPSEs, to support the country's commitment to achieving renewable energy targets and reduce greenhouse emissions. This comes in the backdrop of NTPC announcing its Green Hydrogen initiatives and plan to build the country's first pilot projects for synthesizing green methanol, setting up Green Hydrogen filling station, Green hydrogen blending into PNG and Green energy storage project.
 3. NTPC has signed MOUs with GE Gas Power, Mitsubishi Heavy Industries Ltd. and Siemens severally to demonstrate feasibility of hydrogen (H₂) co-firing blended with natural gas in gas turbines installed at various NTPC gas plants. Under this significant collaboration, the companies will jointly explore the pathways to reduce CO₂ emissions from gas power plants.
 4. NTPC signed a MoU with Moroccan Agency for Sustainable Energy (MASSEN) for cooperation in the renewable energy sector. The purpose of this MoU is to outline the framework for the general understanding between the parties regarding their mutual interest and their assessment of cooperation opportunities in the RE sector.



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5. A MoU has been signed between NTPC and Rajasthan State Mines & Minerals Limited for supply of high purity limestone for FGD Plants of NTPC Stations.
 6. NTPC has signed a MoU with National Sports Development Funds (NSDF) and Ministry of Youth Affairs and Sports (MYAS) for the development of archery in India with an aim to provide world class facilities with international exposure & a platform to the talented pool of Indian archers.
- NVVN, our trading subsidiary, transacted 15.25 Billion Units during the H1 FY23 as against 11.98 Billion Units during the H1 FY22 registering a growth of ~27%.
 - NTPC has been bestowed with The Dun & Bradstreet Infra Award-2022 for Excellence in Power Generation.
 - NTPC has been recognized as one of the “Most Preferred Workplaces of 2022” in the premier edition of “Most Preferred Workplaces 2022” organized by Team Marksmen in association with India Today.
 - Besides, NTPC has won several other awards in Safety, CSR, Quality and Environmental categories.

These were some of the key highlights I wanted to share with all the participants in this Conference call before we begin with the question-and-answer session. Thank you so much.

Moderator:

Thank you, very much. We will now begin with the question-and-answer-session. Anyone, wishing to ask a question may please press star and one on your touchtone phone. If you wish to remove yourself from the question queue you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar:

Yes. My first question is on the interest cost and late payment surcharge. I think you accounted roughly INR 3.9 billion in the interest cost related to the electricity late payment surcharge rules. Can you please explain how much is the amount which is being availed in this scheme? And how we have done the accounting? And is it onetime charge? And also, the finance cost has been restated for last financial year and last quarter?

Management:

Late payment surcharge, we have booked around INR 392 crore. This you're mentioning or you're talking about the discount?

Mohit Kumar:

Yes, it's a onetime charge? And why it has been done?

Management:

No, there are two different things. One is the surcharge, which we are levying periodically. The other thing is we have booked a finance charge as a onetime. Which one are your referring to?



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- Mohit Kumar:** Sir, looking to the onetime charge which you have booked. Can you please explain it?
- Management:** One time charge, there is a scheme for restructuring the loans (receivables), outstanding loans (receivables). Installment has been given to many of our beneficiaries for different tenure, maximum being 48 months. And so, this installment will be paid. And since there is no further LPS if they pay this on time, so from a time value of money perspective, we have calculated the present value and accounted the differential as a financial charge.
- Mohit Kumar:** This is a onetime charge. Am I right?
- Management:** Yes. That's right.
- Mohit Kumar:** Secondly, on this, sir, what is the status of renewables monetization? Are you on course to meet the guidance that will do the monetization by FY23?
- Management:** See, broadly, 2,861 MW of renewable capacity has been identified for monetization, existing assets, and broadly, this has a book value of over INR 10,000 crore.
- Mohit Kumar:** Secondly, on this sir, what is the status of renewables monetization are you on course to meet the guidance that will do the monetization by FY23?
- Management:** We propose to offload anything between 10% to 20%, and we are in the process. But we expect that by the close of Q3 or in any case, before the end of the financial year, we'll be able to conclude this transaction.
- Mohit Kumar:** Sir, if I understood correctly, we are not selling a stake in NTPC Green. We are selling a stake in only this identified assets. Is that understanding correct?
- Management:** Actually, we are transferring our existing RE assets to a separate company that is NTPC Green Energy Limited and our entire stake existing in NTPC RE Limited. And then we are offloading some 10% to 20% stake in NGEL. It is not corresponding to the particular asset.
- Mohit Kumar:** And we expect to monetize by the Q3. Is that right?
- Management:** Our plan is there, it is scheduled to be by December, maybe some plus/minus some days maybe, December or January it will come.
- Moderator:** Thank you. We have the next question from the line of Anuj Upadhyay from HDFC Securities. Please go ahead.
- Anuj Upadhyay:** Sir, in the opening remarks, you mentioned that the profit from your JV has declined to somewhere around INR 120-odd crore compared to INR 526 crore on a year-on-year basis. Any reason for this non-performance, sir?
- Management:** The decline is broadly from two subsidiaries (JVs), Meja Urja and Hindustan Urvarak.



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- Anuj Upadhyay:** And why is this so, sir, I mean, the reason for the decline?
- Management:** See, for the Meja plant, we had an issue with the boiler. So, we had to shut down for around five months and repair it. So now the boiler is back in service. We will be able to recover substantial amount of this from the remaining days.
- Anuj Upadhyay:** And sir, secondly, can you just mention about the capacity which we plan to add for FY23, 24 and if possible, 25 as well? And the bifurcation among the project side would be very helpful.
- Management:** The capacity addition plan that we have for the year FY24 is around 7,000 MW.
- Anuj Upadhyay:** Combined, right?
- Management:** Combined and this includes Telangana & North Karanpura. These are the coal capacity being developed by NTPC directly. THDC Khurja project, which is a subsidiary, one unit; THDC hydro pumped storage in Tehri, 1,000 MW; NREL Solar, 2,295 MW; and NTPC directly solar, around 1,000 MW.
- For FY25, we are aspiring to add another 6,000 MW, out of which 1,180 will be NTPC directly, which includes North Karanpura last unit; Tapovan Vishnugad hydro project. Patratu, one unit; Patratu second unit will also come; THDC Khurja second unit; THDC Vishnugad Pipalkoti project; NREL solar around 1,300 to 1,400 MW.
- Anuj Upadhyay:** So overall, we are planning to add 13 GW over FY23, 24, 25, right, sir?
- Management:** We are targeting around 5,000 MW of capacity addition in current year. So, if you take the current year and FY24, FY25 taken together, it will be around 18 GW.
- Anuj Upadhyay:** 18 GW over the next three years. Fine, sir and also you mentioned, there is around 21 GW of renewable capacity, which is under various stages of planning or development. This includes the 10 gigawatt you mentioned about Rajasthan, right, sir?
- Management:** Yes.
- Anuj Upadhyay:** In Rajasthan, okay. But it excludes the 4.5 GW in Khavda project?
- Management:** Yes. This is in addition to 4.5(4.75) GW of Khavda project.
- Anuj Upadhyay:** Right. And any time line, sir, for Khavda? How the progress has been going on over there? By when we are expecting the bidding to begin?
- Management:** We have already started work on about 1,255 MW. We have awarded packages for the balance of systems. So, we've already started work there. So, we hope to foray further with more capacity awards in this year. Balance we will award next year.



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- Anuj Upadhyay:** One clarification, sir. What I have understood is probably this entire Khavda project will go for a bidding, and it won't be directly on an allotment basis. So, this 1,255 MW you are saying, is this something which we have won under the bidding scheme, or it has directly been allotted to us as a power developer team?
- Management:** No, I think your understanding is not right. This entire capacity has been allocated to NTPC Renewable Energy limited. And we shall be developing the entire capacity on our own. There's not going to be any bidding there.
- Anuj Upadhyay:** So, is this applicable for all the companies, sir, who have participated over there in Khavda?
- Management:** That is a choice they have to make. I can only talk about our Company.
- Moderator:** Thank you. Before we take the next question, a reminder to all the participants anyone who wishes to ask a question may press star and one on their touchtone phone now. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.
- Rahul Modi:** Sir, a couple of questions that I had. Now the regulated equity has gone up quite substantially due to the merger of Nabinagar and Kanti in the standalone books. So can you help us with reconciling the profit numbers as obviously, the growth seems to be a bit muted, partly that can be understood due to the reduction in the other income, I believe in the late payment surcharge. Sir, what are the other aspects which probably we need to look at to reconcile, because the growth in the regulated equity has been quite significant. So. is there any adjustments which is happening?
- Management:** There are one or two reasons. If you want to see the peculiar aspects during the quarter is, one is, as I mentioned, that this is a financial charge which we had for the discounting of receivables. That is one aspect and there will be some tax aspect of merger close to around INR 190 crore. This would be the peculiar item. Of course, the other income is gradually on the lower side because of better payment trends from the DISCOMs.
- Moderator:** Thank you. We have the next question from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.
- Aniket Mittal:** Sir, a few questions actually on the solar front. Sir, if I remember correctly, for execution of the solar projects, we were talking earlier that we would procure the modules ourselves and then do the balance of system works with the other players. So, I just wanted to understand on that front, what are we currently doing in terms of executing this? Are we looking to procure the models ourselves and heading in that direction?
- Management:** Yes Aniket, we are doing that only. So, we have broken up the project into packages. One package is the balance of system, and we've already awarded that for a project. Modules we'll be preparing separately.
- Aniket Mittal:** Fair. And so, in this balance of systems that you're providing, are these fixed-price contracts?



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- Management:** Yes, it's fixed price.
- Aniket Mittal:** And in some of the earlier packages that you would have awarded to the EPC contract, given the increase in module prices, as it's happened, are there any renegotiations that have happened?
- Management:** No, they cannot happen because in all these projects, the tariffs which we have bid at, those are also not open for negotiation.
- Aniket Mittal:** So just another aspect that I wanted to understand on the new energy space. So, there are a couple of tenders that we've come out on the battery storage solutions. I think we came out with a large 3,000 megawatt hour tender, and there's another 500 MW tender. I just wanted to understand the rationale for this, and what is that you're trying to use this battery storage for?
- Management:** The one tender that we have come out for is a 3,000 megawatt hour energy storage tender that's agnostic to the type of storage. It can be battery or any other storage. That is mainly required for the C&I customers.
- Aniket Mittal:** Yes. So, the 3,000 megawatt tenders is something that you will tie up with other DISCOMs, is it?
- Management:** No, this is mainly for supply to C&I customers with whom we are in discussions with.
- Aniket Mittal:** Just one last question. So, on this onetime charge that you've taken related to these the late payment surcharge rule that has come up. Could you just elaborate, what is the total quantum of charge that's been taken and how have you accounted it for both in the balance sheet and the P&L?
- Management:** Just a second. The amount of receivables which we have put to the scheme is around INR 6,108 crore. And these have various maturities. Some of them will be a 48 month horizon, some will be 36, depending on the quantum. So accordingly, we have worked out the present value and accounted for the differential.
- Aniket Mittal:** And what's the differential that you've accounted for?
- Management:** INR 333 crore.
- Aniket Mittal:** And are there any other further receivables that can go under the schemes that will require us to again reevaluate?
- Management:** No. The scheme was open for a limited period and who all had subscribed to that has been taken into this scheme. So as such, we don't anticipate any further increase in this amount.
- Moderator:** Thank you. We have the next question from the line of Apoorva Bahadur from Investec. Please go ahead.



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- Apoorva Bahadur:** Sir, a couple of questions. Firstly, if you could share the fixed cost under recovery, late payment surcharge and the PLF incentive numbers for the quarter, that'd be very helpful.
- Management:** See, the fixed costs under recovery for the half year is INR 718 crore. However, I may just add that this is a transient figure because ultimately, the evaluation is on an annual basis, that is declared capacity on an annualized basis. So, it doesn't follow an even trend depending on the operational level of Q2. We stand here, but as we go ahead, this will be further mitigated.
- Apoorva Bahadur:** Sir, what would be our expectation by year-end to what level should we hit?
- Management:** Around INR 250 crore.
- Apoorva Bahadur:** Sir, I assume the late payment surcharge will be very low this quarter, less than INR 100 crores?
- Management:** For the quarter, it was INR 229 crore.
- Apoorva Bahadur:** Okay. Sir again, coming back to I think, the previous questions on this onetime charge that we have taken for this LPS scheme. Now sir, I wanted to understand the impact of this for future quarters. So, does this mean that the entire cost of the EMI which we're going to bear, we have taken a onetime upfront charge and, going ahead, we should not account for the incremental finance cost on this? So essentially, our finance cost in future quarters will be lower?
- Management:** See, it is a net onetime discounted differential which we have calculated due to the time value difference. However, as we go ahead and we start getting the money, this will unwind.
- Apoorva Bahadur:** Okay. Makes sense. Sir, also, I think on this question of this EPC contracts that we have given for executing our renewable projects, I think one of the large contractors recently stated that there have been certain deferrals in large projects because the module costs were quite high, right? So, I think last time on our call, we had discussed that some of our projects will be delayed by a couple of months. So has there been any further deferrals on that?
- Management:** Yes. Actually, I believe many of the people have approached the government for giving more time particularly because of the very high module prices, which everyone is facing. And what we understand is that the government is considering some kind of a 12-month time extension in all without any conditions. But then this is what we have heard.
- There is no document yet as such. So, I'll not say that it's going to happen or not going to happen. But definitely, there is some relief being sought from the government because people are otherwise not in a position to do the project.
- Apoorva Bahadur:** Sir, one more question, I think, on this renewable monetization that we are still currently undertaking, so you highlighted that we intend to sell stake in this NTPC Green, which will house our renewable projects. Sir, I wanted to know for other new energy initiatives like what we're doing on hydrogen or storage, is that also a part of this overall portfolio, which is under



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discussion? Or is it purely for the renewable projects that we are currently looking to offload the stake?

Management: NTPC Green ultimately will become a holding company, the green vehicle under NTPC. And for example, the NTPC Renewable Energy Limited, which is currently a vehicle which we are using for building and all these projects, that will also come under NTPC Green. So, the NTPC Green will be housing some projects on its balance sheet and some through subsidiaries and JVs. So that's how NTPC Green would be.

Apoorva Bahadur: Okay. So, the entire portfolio will be monetized basically?

Management: Yes, the portfolio will be monetized at NTPC Green level. All this hydrogen and storage will also come under NTPC Green.

Apoorva Bahadur: Fair enough, sir. Last question, if I may, and this is more so on the bookkeeping side. I missed our Capex numbers for H1 FY23. And if you can also share for FY23, 24 and 25 guidance, that will be very helpful, sir.

Management: On the Capex side, as Director: Finance has already informed, we have already reached INR 16,600 crore already. And our target this year is about around INR 27,500 crore (group level). For next year, we are on the drawing board because some of the new projects are being added from the solar side. But I can give you a flavor that NTPC standalone plus NTPC group companies, the Capex next year will also be of the order of INR 25,000 crore to INR 26,000 crore taken together.

Apoorva Bahadur: Sir, similar number for FY25 as well?

Management: Yes. For year after that, as I told that our capacity addition plan is more or less of the same nature, and we'll be adding progressively a bit more of renewable. The Capex side, the total amount might slightly come down, but we'll be maintaining anything beyond 20,000 year-on-year and in the foreseeable future.

Additionally, we are to add new coal capacity, you must be knowing that we have already awarded Talcher Thermal Power Project, 2 x 660 MW, which itself will be around INR 10,000 crore of the project. And we are going to award another three to four projects very soon.

So that will bring a lot of Capex into NTPC Capex expenditure time line wise. And these projects will be completed by 2028 to 29. If I take up the order of say INR 40,000 crore to INR 50,000 crore expenditure for these coal power projects that from FY25 to FY29, we can split at around INR 12,000 crore per year on the coal power project, total cost wise.

Apoorva Bahadur: Sir, can you please share some details on the three to four projects, which ones and what capacity and by when will these be awarded?



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- Management:** See Talcher, 2 x 660 MW we have already awarded to BHEL last month. Next is in our target, we are going to come with NIT for Lara expansion, which will be 2x800 MW. And we are working on three other projects, which are at different stages of planning and development. One is Sipat, 1x800 MW; second is Singrauli, 2x800 MW; and third is Darlipalli, 1x800 MW.
- Moderator:** We have the next question from the line of Nikhil Abhyankar from DAM Capital.
- Nikhil Abhyankar:** Just to add to the previous question. Sir, you have just mentioned that we have Lara 1,600 MW and around 3.2 GW 3 other projects. So, can you just give us a time line of the ordering for these projects year-wise? Say, FY23, we have already done one. So, will we have anything else and FY24, FY25 and so on?
- Management:** See, Lara, our target is to award by March 2023. And then our Sipat will be within Q2 of the next financial year, that is FY24. And then Singrauli and Sipat, both will come in the FY25.
- Nikhil Abhyankar:** Sir, Darlipalli will come when?
- Management:** Darlipalli, there are some forest land issues, which we're settling. And once we settle, we may bring it to FY24 itself if we can get the forest clearances. Otherwise, it will go to FY25.
- Nikhil Abhyankar:** So currently, coal capacity addition plan that we have in the pipeline is 4.8 GW. Am I right?
- Management:** That is already decided by us.
- Nikhil Abhyankar:** Okay. And is there any chance that more such projects will be added?
- Management:** See, we are going by the requirement of the country and Government of India suggestions. And we have been told by the Government of India, which we discussed earlier also, of the order of 7,000 plus MW. We have identified many other projects. As we told during our Investor Conference at Mumbai, each of our existing projects has an expansion capacity. So, adding 660 MW here or there can be possible. But large projects like Meja, for example, 2x660 MW is possible, then Telangana, 3x800 MW is possible. We are working on this from various points of view like coal availability, environmental clearance, actual requirement in the grid. So, we are a bit cautious, but we are steadily moving.
- Nikhil Abhyankar:** Understood, sir. And sir, also, can you just throw some light on the acquisition of Jhabua, like do we have any power tie up already there?
- Management:** Yes, we have acquired 50% stake and most of the power is tied up.
- Nikhil Abhyankar:** Okay. Sir, can you also just quantify those losses at Hindustan Urvarak and for Meja?
- Management:** Losses? I think HURL it is about INR 700 crore losses they have posted. The loss is on the books of the HURL. The primary reason is that we have already commissioned the first unit.



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That is the Gorakhpur, first project rather out of the three projects, which are being developed. Each of the projects, Gorakhpur, Barauni and Sindri having a capacity of 12.6 lakh metric tonne capacity. And the Gorakhpur has come on stream on 3 May 2022. There are initial stabilization problem, and there are some leakages in ammonia tank among other things which has been set right. And we could achieve only 37% of the capacity till September 2022. That's the reason why it has gone to around INR 715 crore of losses.

But in October, we have already reached full capacity. So, we have bounced back. And if we can continue with the production at this rate, I think in this current year itself, we'll be making it almost 0-0.

Additionally, Barauni will come on stream as commercial sometime by 31st of December and Sindri by 31st of January. And hopefully, with initial teething problems within this financial year, next financial year will be very good for HURL.

Moderator: Thank you. We have the next question from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: Yes. Sir, my question is on the average realizations, which have been disclosed. So there has been a very sharp increase over the past six, seven months in the average realization. So, is it all driven by imported coal? Or is there any other reason to it? And what is the proportion of imported coal that is being used?

Management: There is no linkage between realization and imported coal. Due to imported coal, sales have increased definitely. But as far as realization is concerned, we have realized 100%.

Atul Tiwari: Average tariff, as disclosed in the key metrics that you disclosed for the first half is INR 4.77. And last year, it was INR 3.86. So, there is a jump of about INR 0.91 paise.

Management: Understood. It is all because of this imported coal.

Atul Tiwari: And what proportion of the coal use is imported coal in this period?

Management: We are blending around 7.9%.

Atul Tiwari: Okay. And that is likely to continue for some time or that is coming off with the improvement in the availability?

Management: Right now, right as of today, the blending is only 3%. As the domestic coal situation increases, blending proportion will obviously come down. And in this Q3, the coal received would be more. So therefore, the blending requirement will come down. So hopefully, there should not be much of blending in the remaining half year.



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- Atul Tiwari:** And sir, my second question is on the Talcher project now that the order has been given. So, what is the size of the order? And could you give some idea about when we can expect the commissioning of it? What are the time lines of execution?
- Management:** See, size of the order has given to BHEL with GST is of the order of INR 8,200 crore. First unit will be commissioned in 48 months from the date of award and second within six months thereafter. So, if you go by that by August 2026 the first unit will be onstream. And within that financial year itself, i.e., FY27, the project will be completed.
- Atul Tiwari:** So, INR 8,200 crore, you said, the size of the order, right?
- Management:** That is the EPC, plus minus some crores. But then this is the EPC only. We have some other elements which is not part of the EPC, like the railway siding, the mega water pump and also ash disposal system outside the boundary. So those parts are not included here, which will go for different small, small packages and we'll award. Our estimate is the project cost would be of the order of INR 11,000 crore, including IDC and all the elements.
- Moderator:** Thank you. We have the next question from the line of Kirti Jain from Canara HSBC.
- Kirti Jain:** Sir, with regard to this joint venture, last year, we made a profit of INR 1,000 crore. When things normalize with this Meja stabilizing in and this fertilizer units at HURL getting normalized, what is the likely profit we can see a contribution from this joint venture, sir?
- Management:** See if you look at the contribution from profits of the subsidiaries, it was INR 867 crore from subsidiaries and INR 120 crore from joint ventures, around INR 980 crore. If things stabilizes, we expect that the losses which we are seeing here to the order of around INR 300 crore that will come down and probably they'll start making some profit. So, you can expect profits to go up by around INR 400 crore to INR 450 crore.
- Kirti Jain:** So, from this INR 980 crore level, we can go to INR 1,500 crore run rate, sir?
- Management:** Half yearly basis, so you can double it up for a year.
- Kirti Jain:** Sure, my second question is with regard to this late payments scheme getting implemented with discounts not allowed to have overdue how our receivable shape will up and also with regard to the long term receivables how much rundown will happen on yearly basis.
- Management:** I think we have secured INR 6,100 crore and monthly we are getting an installment of INR 218 crore every month, regularly we are receiving.
- Kirti Jain:** Sir, going forward, our receivable days will be in the vicinity of 50 days, 60 days, sir? Or how it will be?
- Management:** It will be less than 45 days.



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- Moderator:** Thank you. Next question is from the line of B Vijay Kumar from Spark Capital.
- B Vijay Kumar:** What is the portfolio size in terms of gigawatt that would be monetized by December that you mentioned.
- Management:** No, we are diluting the equity. Entire RE assets will be with the NTPC Green Energy Limited. And even NTPC RE, NREL also will be under this company, and we are diluting the stake of NGEL to the extent of maximum 20%.
- B Vijay Kumar:** Sure. So then given -- there would be inclusion of hydrogen, the storage projects etc.?
- Management:** All green portfolio will be under this.
- Management:** So instead of monetization of specific assets, it is a stake sale in the green energy company.
- B Vijay Kumar:** Correct. So, the question is what is the size of portfolio considered when valuing for the stake sale?
- Management:** NTPC plans to add 60 GW by 2032. Currently what we're looking at is that we'll transfer 2,800-odd megawatts of capacity, and NTPC Renewables, which is working on 4,000 MW. So that's the number which we are looking at immediately if that's the question. But I have already mentioned earlier, our entire green portfolio of NTPC on a long-term basis will now be consolidated under NTPC Green. That is a 60 GW number by 2032.
- B Vijay Kumar:** Correct, sir. My only question is, if the valuation includes the existing operational portfolio of about, say, two plus seven or eight, that will give a different value. While if you have a valuation for 60 GW, that will give us different value for the equity investor. So that is what I was trying to understand what would be that size that the equity investor is looking at?
- Management:** So, it is something which I cannot be debating with you in any case. That's for the potential investors to decide on the basis of what we are showcasing to them. And probably it's not right for me to discuss all those details here.
- B Vijay Kumar:** Sure. So that detail would be out after this deal is over by December?
- Management:** Let's see. Let the deal happen first.
- Moderator:** Thank you. Sir, we have two more participants who are waiting in the queue. Can we take those questions?
- Management:** Of course.
- Moderator:** We have the next question from the line of Anupam Goswami from B&K Securities. Please go ahead.



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Anupam Goswami: My first question is on the monetization. So right now, we have about 2.8 gigawatts and it includes the potential work that is going on in the storage and on the battery level. Is it very prudent to dilute about 20% right now rather than having a little significant portion of the work done and then going for it? Because the valuation can vary accordingly. So, what is the thought process behind this? Why was the monetization needed so early?

Management: Well, we have a mandate from Government of India to go for monetization. So, we are going for monetization. But as far as the quantum of monetization is concerned, we plan to go up to 20%. So, it may be less but there is maximum ceiling of 20%. It will all depend on what is the valuation we are getting from the prospective investor. Based on that we will try to see what the interest is. The quantum what we'll offer has also got to do with -- I mean how much is the interest that the prospective investor relevance, isn't it? So, we'll take a call on that as we go ahead.

Management: Let me chip in. You have a very interesting question you have raised there, which is a very strategic question. But the issue is whether we disinvest 10% or 15%, the future projects will be developed for which he is also going to invest money, not me alone. So, if valuation in future will take care of that investment, which is, in any case apart from the upside that he has projected. That's why we have already indicated 60 GW as our aspirational portfolio. I think that gives a reason for us to look for 10% to 20%.

Moderator: We have the next question from the line of Koundinya Nimmagadda from J P Morgan.

Koundinya Nimmagadda: Just one question from my end. If I look at the under-recovery number you quoted around INR 700 crore. It was around INR 500 crore, if I remember correctly, in June. So just trying to understand what led to this increase per se? And what is the quantum of fuel cost under-recovery in any within this?

Management: See the increase because some of the units that we have taken for overhauling due to the increased work the overhaul duration has increased. So going forward, by the end of the year, most of this will be recovered. The projected under-recovery by the end of the year is only INR 250 crore, that too mainly in only four stations where we had major equipment issues. The remaining under-recovery will be recovered.

Koundinya Nimmagadda: So, in that case, there is no fuel cost under recovery, if I'm understanding this correctly?

Management: There is no fuel cost under-recovery.

Koundinya Nimmagadda: Sir, secondly, even if I add back this under-recovery number and look at the implied ROE, that looks quite lot around 13.5%, 14%. So how should we read that?

Management: I did not follow. If you're adding this under-recovery to the PAT, you are getting a return of 14% on equity. This is what you are saying?

Koundinya Nimmagadda: Core ROE, yes, the core ROE number. So just trying to understand if I'm missing something out here.



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Management: Cannot add to the PAT. Of course, see, broadly your approach is correct. But then there is an element of discounting, which we have done. That, as we go ahead, will progressively be unwinded.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

Ujjwal K. Bhattacharya: Before Director (Finance) gives you the closing comments, let me add one news to all of you. That as you must be knowing that on the Capex side, we are progressing very fast. All the FGD projects are in different stages of completion, and we will be investing a lot in the Capex. On the coal side, we are going to add as we have explained.

We're also looking at various options in terms of further capacity addition for which different types of funding is on the board, including RE. So, the Capex is only going to shoot up. And accordingly, the future of the company is going to look brighter.

Jaikumar Srinivasan: Yes. So, on behalf of the management, I thank all the participants for attending this conference call. I would also like to thank Rahul Modi from ICICI Securities for organizing this. Thanks a lot.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
