



NTPC Limited
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Sub: Transcript of conference call held with Analysts & Investors on 28 January 2023

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 28 January 2023, wherein Management of NTPC Ltd. discussed the Company's results for the quarter and nine-months ended 31 December 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

Q3 FY23 Earnings Conference Call

January 28, 2023

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: Ladies and gentlemen, good day, and welcome to the Q3 FY23 Earnings Conference Call of NTPC Limited, hosted by DAM Capital. As a reminder, all participant's 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. Mohit Kumar from DAM Capital. Thank you and over to you, Mr. Kumar.

Mohit Kumar: Yes. Thank you, Michelle. On behalf of DAM Capital, I welcome you all to the Q3 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. Over to you, sir.

Jaikumar Srinivasan: A very good evening to all the participants. I, Jaikumar Srinivasan, Director (Finance), welcome all of you to the Q3 FY23 Earnings 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 the NTPC team. Today, the Company has announced the unaudited financial results and Key Performance Highlights for third quarter and nine-months ended 31 December 2022. The same have already been uploaded on both the stock exchanges.

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

Operational Highlights of Q3/9M FY23

- During Q3 FY23, NTPC has added 630 MW of commercial capacity to its portfolio from renewable sources. As on 31 December 2022, the commercial capacity of NTPC stands at 58269 MW on standalone basis and 70884 MW for the Group.
- NTPC Group generated 295 Billion Units in 9M FY23 as compared to 265 Billion Units in 9M FY22, an increase of ~11%.

NTPC's standalone gross generation in 9M FY23 is 255 Billion Units as compared to 227 Billion Units in the corresponding previous period registering an increase of ~12%.

- During 9M FY23, average PLF of NTPC coal stations was 74.45% as against the National Average of 63.27%, thereby maintaining a spread of over 11%. For 9M FY23, 5 coal stations of NTPC viz. Korba, Singrauli, Vindhyachal, Rihand and Talcher were among the top 10 performing stations in the country in terms of PLF.
- During 9M FY23, there has been an improvement in scheduling by the beneficiaries thereby reducing the backing down from 76.28 Billion units in 9MFY22 to 72.38 Billion units.

Status of Fuel Supply:

- Coal supply during 9M FY23 improved to 166 MMT including 11.59 MMT of imported coal from 148 MMT including 1.40 MMT of imported coal in 9MFY22.
- During 9M FY23, materialisation of coal against ACQ has improved to 98.20% as against 97.80% in the corresponding previous period.
- NTPC's own coal production during 9M FY23 was 14.55 Million Metric Tonnes (MMT) with ~51% growth as against 9.65 MMT in 9M FY22. Cumulative expenditure of ₹ 8,933 crore has been incurred on the development of coal mines till 31 December 2022.
- NTPC Ltd. dispatched its first Coal Rake from its Talaipalli Coal Mine to NTPC Lara Super Thermal Power Project in Chhattisgarh, on 22 November 2022. The commencement of rake loading paves the way forward for Talaipalli Mine to dispatch coal in efficient and smooth manner to meet the coal requirements of 1600 MW Lara station.

Now I will update on various other financial highlights:

- Total Income for Q3 FY23 is ₹ 42,149 crore as against corresponding quarter of previous year Total Income of ₹ 31,161 crore, registering an increase of 35.26%. On nine-month basis, there is an increase of 39.60% in the Total Income i.e., from ₹ 89,315 crore in 9M FY22 to ₹ 124,685 crore.
- Profit After Tax (PAT) for Q3 FY23 is ₹ 4,476 crore, as against ₹ 4,246 crore in the corresponding quarter of previous year, registering an increase of 5.42%. On nine-month basis, PAT is ₹ 11,524 crore as against ₹ 10,664 crore in 9M FY22 registering an increase of 8.07%.
- Total Income of the group for 9M FY23 is ₹ 133,231 crore as against corresponding previous period Total Income of ₹ 97,270 crore, registering an increase of 36.97%. PAT of the group for 9M FY23 is ₹ 12,250 crore as against corresponding previous period PAT of ₹ 11,761 crore, registering an increase of 4.16%.
- During 9M FY23 our Joint Ventures and subsidiaries have earned profit of ₹ 1,771 crore as compared to ₹ 2,225 crore in the corresponding period of previous year.



- During 9M FY23, we have received dividend income of ₹ 1,046 crore from our Subsidiaries and Joint Venture Companies as against ₹ 1,142 crore received during 9M FY22.

The regulated equity as on 31 December 2022 was ₹ 75,449 crore on standalone basis.

Fund Mobilization

- NTPC has issued Unsecured Debentures aggregating to ₹ 500 crore @ 7.44 % p.a. on 16 December 2022 with a tenor of 10 years.
- Average cost of borrowing as on 9M FY23 was 6.32% as compared to 5.95% in 9M FY22.
- NTPC Renewable Energy Limited has signed a Green Term Loan agreement of ₹ 1,325 Crore with Union Bank of India which includes Secured Loan of ₹ 825 Crore and Unsecured Loan of ₹ 500 Crore at very competitive rates.

The Secured Loan has been tied-up for a tenor of 20 years, longest ever tenor from any domestic lender within NTPC. The Unsecured Loan is of 5 years tenor with bullet repayment and can be used for any under construction project of NTPC REL.

CAPEX

- In 9M FY23, we have incurred a group CAPEX of ₹ 26,058 crore as compared to ₹ 25,064 crore in the corresponding previous period.
- The Capital outlay of NTPC on standalone basis has been estimated at ₹ 22,454 crore for FY23.

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

- Towards achieving the Country's Net Zero Energy target by 2070, NTPC plans to have a foray into nuclear power. For this, NTPC plans to execute nuclear power capacity addition through Pressurised Heavy Water Reactors (PHWR) through ASHVINI - a joint venture between NTPC and Nuclear Power Corporation of India (NPCIL). Additionally, nuclear capacity addition through implementation of Small Modular Reactors and Pressurised Water Reactors with Government-to-Government agreements is also being contemplated.

NTPC is also looking for making fuel tie-ups with Uranium Corporation of India Ltd to ensure requisite fuel availability.

The modalities for asset transfer of two PHWR projects viz. Chutka (2x700 MW) in MP and Mahi Banswara (4x700 MW) in Rajasthan, from NPCIL to ASHVINI are in progress.

- NTPC holds a strong commitment towards Renewable Energy. NTPC has added more than 1.3 GW of renewable capacity in FY23 till 31 December 2022. Company has also forayed into a

variety of business areas including e-mobility, green hydrogen solutions and waste-to-wealth. NTPC Group has already commissioned 3154 MW of RE projects under EPC mode as at 31 December 2022. Presently, 4718 MW of RE projects including ongoing projects of NTPC REL are under construction. Further Bids for 340 MW capacity RE projects have been won which will be awarded soon. Plans for development of another 24 GW Ultra Mega Renewable Energy Power Parks are in various stages.

- Carbon Capture Utilisation & Storage (CCUS) is one of the key components of India's CO₂ mitigation strategy to facilitate the transition towards a low-carbon energy economy and onwards to 'Net Zero' emission levels. To achieve this goal, NTPC research wing - NETRA and Council of Scientific & Industrial Research (CSIR) - Central Building Research Institute (CBRI), Roorkee have rolled out a R&D project for development of Carbon Negative 'Carbonated Aggregate' which can be used in building, road and other construction activities. As a part of this study, CO₂ captured from flue gas, fly ash & other industrial wastes will be converted into CO₂ sequestered engineered aggregates, also called as carbonated or mineralised aggregate. Upon development, Carbonated Aggregate is expected to become a viable alternate to natural aggregate & thereby conserve ecology & environment.
- Amongst the several MOUs signed by NTPC and its subsidiaries, a few are being highlighted:
 1. NTPC Renewable Energy Ltd has signed a Memorandum of Understanding (MoU) with National Institute of Wind Energy (NIWE) for Strategic Collaboration in Developing Onshore and Offshore Wind Power Projects in India. The MoU shall help in building long term partnership with NIWE and shall develop the capabilities of NTPC REL in a longer term for assessment, identification and studies for development of Onshore and Offshore Wind Projects. The MoU shall also be helpful in identification of new wind sites for further development.
 2. NTPC Green Energy Ltd (NGEL) signed a MoU with GRIDCO, Odisha for the development of large-scale ground solar, floating solar and pumped storage projects in the State aggregating to 3000 MW.
 3. To facilitate the transition towards a low carbon energy economy and subsequently "Net Zero" emission, NTPC and GE Power India Limited signed a MoU for partnering on research, development and engineering of technologies that will enable NTPC to reduce the amount of coal fired in their units and gradually replace it by co-firing of 'alternate fuel' (Biomass). Both companies will jointly explore the pathways to reduce CO₂ emissions from Tanda Thermal power plant and further implementation across other NTPC projects in India.



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4. NTPC has signed a non-binding MOU with Tecnimont Private Limited, an Indian Subsidiary of Maire Tecnimont Group, Italy. The objective of the MOU is to jointly evaluate and explore the possibility to develop a commercial-scale Green Methanol Production facility at NTPC projects.

The Green Methanol Project involves capturing carbon from NTPC power plants and converting it into green fuel. Green Methanol has a wide range of applications, including serving as a base material for the chemical industry, storing renewable electricity, and even as a transportation fuel. This project, along with the pilot scale Green Methanol project (under execution) aligns with NTPC's commitment to sustainability and renewable energy and will significantly contribute to India's energy transition.

- NVVN, our trading subsidiary, transacted 22 Billion Units during the 9M FY23 as against 18 Billion Units during the 9M FY22 registering a growth of ~24%.
- NTPC has been conferred with prestigious "SHRM HR Excellence Awards 2022". NTPC has been awarded the winner for "Excellence in Developing Leaders of Tomorrow", for following the best practices to identify individuals from within the organization & develop them into leaders who will take on challenging roles in the future.
- ET Ascent named NTPC Ltd. a 'Star of the Industry' for Excellence and Leadership. NTPC won the award for "Dream Company to Work For" in the area of "Excellence and Leadership." The award honours NTPC's constantly evolving talent strategy and people's practices that are in line with business requirements and work to create a meaningful environment that fosters business excellence. It acknowledges NTPC as a pioneer in the field and an ideal location to work by supporting the business' "People First" philosophy.
- NTPC has received the Best Globally Competitive Power Company of India (in overall Power Sector) award at the PRAKASHMAY 15th ENERTIA Awards 2022. The award marks its contribution to the power sector that includes building a strong RE portfolio for NTPC and leading the Company as a top Global power sector enterprise.
- CMD NTPC has been bestowed with the CEO of the Year Award at the 24th Annual Platts Global Energy Awards for his outstanding contribution to the power sector. The CEO of the Year demonstrates the ability to sustain the sector amid universal headwinds while supporting the employees who propel their organization into the future.
- NTPC has been conferred with the Institute of Chartered Accountants of India (ICAI) award for "Excellence in Financial Reporting – Silver Shield" for the financial year 2021-22 in the



category of Public Sector Entities. The award showcases the best practices followed by the company for comprehensive and transparent reporting of financial statements.

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

- Moderator:** We have the first question from the line of Sumit Kishore from Axis Capital.
- Sumit Kishore:** My first question is regarding the fixed cost under recovery, what is the figure for 9 months FY23 as the corresponding number for previous year?
- Management:** Yes. The fixed cost under recovery for 9 months is Rs.548 crore, this is much less than the corresponding previous period, which was Rs.692 crore. However, we are targeting to bring it down to a level of Rs.250 crore by FY end.
- Sumit Kishore:** Okay. You had mentioned in your opening remarks the share of profit from JVs in 9-month FY23, I couldn't get the number. And could you please give the corresponding number for previous year and the reasons for the decline?
- Management:** See, as far as subsidiaries are concerned, yes, there has been a 7% drop in the profits and in JVs, there is a significant drop. However, the underlying reason for this is common as most of these companies are subject to the LPS rules where their outstanding dues have been subjected to the instalments. So there has been a drop as far as the late payment surcharge is concerned. So that is the broad reason for that.
- Sumit Kishore:** Can you please give us the numbers? And also, what is the impact because of HURL, the fertilizer JV?
- Management:** HURL variation would be around Rs.76 crore. Because the gas consumption is on higher side as compared to the norms. That is the basic reason.
- Sumit Kishore:** Sir, can you please repeat the number of share of profit from JVs in 9 months FY23 and the previous year?
- Management:** Yes. As far as subsidiaries are concerned, the profit is Rs.1,290 crore, which was Rs.1,391 crore in the corresponding period of the last year and the share of profit from joint ventures, which was Rs.834 crore last year, is now Rs.481 crore.
- Sumit Kishore:** Okay. So also, if you could give us an update on the total under construction and development capacity which you have for RE right now and an update on the UMREPPs that you have been pursuing?
- Management:** Yes. Let me give you a broad perspective on the whole capacities. The installed capacity is 70,884 MW that is as at the end of December'22. Now it is slightly more in January. Under



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construction, project aggregates to 18,253 MW, wherein, the coal projects under construction is 11,280 MW and hydro is 2,255 MW. I am telling this for the group, as a whole. Renewable capacity under construction is 4,718 MW, so there is a total of 18,253 MW under construction. And going ahead, around 42 GW is under feasibility and planning. Out of which, we are planning 6 GW from coal-based plants. RE would constitute around 36 GW. So out of the RE, around 26 GW will be implemented through solar parks and balance 10 GW would be under the CPSU schemes.

Moderator: We have the next question from the line of Nikhil Abhyankar from DAM Capital.

Nikhil Abhyankar: Congrats on a good set of numbers. Sir, can you just throw some light on the ash transportation cost of around 31 billion. How much was it booked in the present quarter? And also, why is there a spike in the finance cost in Q3 over Q2?

Management: Yes, there is an increase of around Rs.524 crore in Finance Costs in Q3 over Q2. The increase is mainly on account of exchange rate variation to the tune of Rs.421 crore. There is an increase in the interest on cash credit of Rs.70.48 crore, rupee term loan is Rs.68.14 crore and interest on foreign currency loan is close to Rs.29.28 crore. Interest on bond is Rs.28.96 crore. So, these are the differentials, and the increase is partly offset by a decrease in interest on foreign currency bonds by Rs.45.22 crore. Discount on commercial paper by Rs.44.33 crore. So, these are the broad reasons for the comparison between Q2 and Q3.

What was your first question?

Nikhil Abhyankar: So, the ash transportation cost, how much of it was booked in this quarter?

Management: The net ash transportation cost last year was Rs.1,600 crore. If you deduct the Rs.270 crore that we received over the sale of ash, it works to around Rs.1,300 crore. This year, we have only spent around Rs.1,225 crore in ash transportation. And generally, ash transportation is higher in Q3 because Q2 is a monsoon season, there will be less ash transportation.

Nikhil Abhyankar: Understood. Sir, can you throw some more light on thermal capacity ordering pipeline? Any status on 1.6 GW Lara expansion?

Management: Lara's expansion is under NIT; you must be knowing. This is 2x800 MW, 1,600 MW capacity and we expect to open the bid in the month of March itself and award it by April.

Nikhil Abhyankar: And sir, the pipeline for FY24 and FY25?

Management: For FY24, we are targeting Singrauli which will be by the December 2023. And overall, if you take FY24 and FY25, other than Talcher thermal, it will be around 6,100 MW total capacity.

Nikhil Abhyankar: Okay, Sir. Understood. And Sir, just a final question. Any status on the renewable thing, Sir?

Management: Can you repeat your question for more clarity?



- Nikhil Abhyankar:** Sir, what is the status of the renewable monetization plan?
- Management:** Monetization is on track, and we will be concluding it by March.
- Moderator:** We have the next question from the line of Abhineet Anand from Emkay Global Financial Services.
- Abhineet Anand:** Sir, if you can just let us know the adjusted PAT and incentive for the quarter and 9 months?
- Management:** Yes. The adjusted PAT for Q3 FY23 would be Rs.4,424 crore as against the reported PAT of Rs.4,476 crore. This compares favorably from the corresponding last period i.e.; adjusted profit is up by 18%.
- Abhineet Anand:** And incentives, Sir, can you highlight the incentive as well?
- Management:** Yes. The incentive for Q3 is Rs.125 crore, which is the highest ever in the Q3 in the last 3- 4 years. And with this, the 9 months incentive has reached to a level of Rs.424 crore, which is also at an unprecedented level.
- Abhineet Anand:** And if you can let us know for FY24 & FY25, what can be the capacity addition expected for the group?
- Management:** Capacity addition?
- Abhineet Anand:** Yes.
- Management:** We are expecting 5,940 MW in FY24.
- Abhijit Anand:** FY25, Sir?
- Management:** FY25 will be 4684 MW.
- Moderator:** We have the next question from the line of Anupam Goswami from BOB Capital.
- Anupam Goswami:** My first question is on the FGD pipeline. Where are we and how much is required and the capex amount as well?
- Management:** We have already awarded 62,000 MW capacity approximately, and they will be commissioned progressively. 7 units totaling 2,330 have been already commissioned and there are ongoing 129 units under construction. That is 60,940 MW. That includes DSI at Tanda Unit 1 & 2, the capex is Rs.29,331 crore but there might be some amount of price variation. So, this may go up capex wise. Further, we have 1,454 MW equivalent of total 12 units under retendering. Once we complete that retendering, it will be 148 units and total cumulated capacity, 64,724 MW, and the capex will be of the order of Rs.31,000 crore as awarded.
- Anupam Goswami:** Okay. We are hoping to get it commissioned by FY25, all 62,000?



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Management: So, we have A, B, C category. We all know by this time; government has come out with this categorization. So, we will be completing within that category limits, like for A category, the deadline is December 2024, and we will be on track. For B category, it will be 2025 and C category 2026 and we will be on track for all these units.

Anupam Goswami: Okay. Sir, my second question is that we have crossed about 200 GW peak capacity in December, and that also in winter. So going forward in the summer time, looking at a similar level last year, we have faced a little shortage on the coal. Do you see a similar scenario coming up or going forward or where should we look at the tariff rates also going forward?

Management: See, in the month of April, it is likely to go to around 230 GW. As far as NTPC is concerned, we have around 15 days stock of coal as of now. We are better than last year, and we have also some coal coming from abroad, that is in pipeline. So, we do not see any shortage this year. And moreover, our captive mines have increased production by around 50%. So therefore, we are comfortable on coal trend.

Moderator: We have the next question from the line of Apoorva Bahadur from Goldman Sachs.

Apoorva Bahadur: Sir, in your opening remarks, you briefly touched upon the company's plan to enter into nuclear power generation. So, if you could share some numbers over there, what would be the target capacity addition and the time line?

Management: Yes. We will be implementing this through a joint venture called ASHVINI, it is a joint venture of NTPC and NPCIL. There are two projects lined up, which is Chutka 2x700 MW in MP and Mahi Banswara, 4x700 MW in Rajasthan. Broadly speaking, if you take two units of 700 MW, the project cost would be close to Rs.25,000 crore, which would translate to a tariff of Rs.7.36 per kWh. See, as per our plan, by 2032, when we aspire to become 130 GW company, we have a target of 2,000 MW from nuclear and we are confident that out of this Chutka and Mahi Banswara, we will be definitely completing 2,000 MW. One more information that I can give is this fleet, as GOI has already identified them, is going to be of the same vintage, same design and same category that is PHWR, which is almost indigenized, and we will be working jointly with NPCIL. So, I do not see any reason not to achieve. So, by 2032, we will have 2,000 MW of capacity as planned from nuclear.

Apoorva Bahadur: Okay, Sir. So, nothing beyond these two?

Management: We have already identified 1400 MW project at Chutka and 2800 MW in Mahi Banswara. So already 6 units of 700 MW are lined up. Now these 4,200 MW will be completed by 2035 that is my anticipation. As we have already entered into this, we will be progressing. See, it is far too long to decide about the plan in 2050. But my anticipation is that by 2050, we will have around 20000 MW capacity in NTPC from nuclear.

Apoorva Bahadur: Okay. Understood. Sir, second, I think there was this concern around nuclear, especially on the liability clause, right, post the deal happened. So, has the government provided any comfort over there? Would there be any limit to NTPC liabilities over here?



Management: See, the liability clause, we are working with government and the nuclear power corporation is already comfortable with these, we are talking to them. I do not think this is going to be any kind of problem for us. Problem is not with the developer alone. The problem is with EPC contractors, they want to get some kind of shield. In case of this fleet, we are comfortable because we do not have any specific EPC foreign vendors here. That is the advantage we have.

Apoorva Bahadur: Okay, sir. And then typically, nuclear, I mean, these plants will be under the cost-plus model like our thermal portfolio?

Management: Tariff is decided by Atomic Energy Commission by their set rules, and it works out to around Rs.7.36 per unit. You must be knowing this is at 68% PLF. Now if we increase it to 80%, if we can manage that, the tariff will come down. Other advantage is that it is a single part tariff and a must-run plant, so it ranks high in the merit order.

Apoorva Bahadur: Understood, sir. Very useful. So just one, I think, maybe more a bookkeeping question. If you can share the late payment surcharge number for the quarter and 9 months. That would be very useful.

Management: Yes, the late payment surcharge for Q3 was Rs.67 crore. So that makes it Rs.459 crore for the 9 months. Understandably, the trend of late payment surcharge all across our sector is going down because of stringent payment conditions, security mechanism and also the late payment surcharge rules. However, one should understand that late payment surcharge is not our main source of income. It is incidental if these are more of a deterrent rates of recovering the financial cost. So, the low trend is in one sense indicative of a better collection efficiency.

Moderator: We have the next question from the line of Girish from Morgan Stanley.

Girish: I wanted to understand a little bit on the renewable side. So, this 4,718 MW, which we have under construction and the 36 GW under feasibility and planning. I just wanted to understand how the run rate will pan out in the next few years. That is the first question.

Management: Yes. I will just give you a broad picture. The 60 GW strategy would be that 40 GW would be through tariff-based competitive bidding, which would include some kind of bundling to 24 hours RTC power also. 5 GW would be targeted through CPSU scheme, wherein 3.7 GW is already won in the bidding process. 15 GW is broadly earmarked for non-PPA wherein 5 GW, we have plans for flexibilization.

We already have internal approvals of 1 GW rolling non-PPA linked project. Merchant would be another 5 GW plan, and we are also targeting the commercial and industrial consumers, including battery energy storage scheme, which would be 5 GW and besides that 5 GW would be broadly through the hydrogen space.

So, I think you asked about run rate. We could look at about 5 to 6 GW starting some time up to 1, 1.5 years once all these issues regarding module supply, and everything are sorted out. So that is the broad thing.



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Girish: Sorry. Just wanted to check whether land is already tied up for almost 70%, 80%? Or like how comfortable we are at land right now?

Management: So, we are in the process of tying up land, Girish. It is a continuous process. We have already tied up in Gujarat. We have some land in MP. We are in the process of tying up more in Karnataka and Rajasthan. So that is how we are proceeding.

Girish: Just on capex, if you could help us, the total capex broken into various subs, JVs and for this year and next year and also coal capex, if you can just provide that data for FY23?

Management: Yes. So, as I mentioned in the beginning, for the FY23, the capex projection is Rs.22,454 crore and over the next 3 years, we have Rs.26,000 crore in FY24, followed by Rs.22,484 crore in FY25, Rs.24,957 crore in FY26. So, these are broad numbers. So, on an average, it would be close to Rs.25,000 crore per annum.

Girish: Any renewable capex here, if you could provide any data around subs, JVs, renewables.

Management: This was for NTPC on standalone basis. We do not have figures here on the renewables that would be implemented through the subsidiaries. We will follow it up later.

Moderator: We have the next question from the line of Anuj Upadhyay from HDFC Securities.

Anuj Upadhyay: This is Anuj Upadhyay from HDFC. A few bookkeeping questions, Sir. One is on what has contributed to a rise in other expenses and the employee expenses for the year. And you referred to a decline in the JV and subsidiaries profit. This is to the tune of Rs.400 to Rs.500 crore. Is it purely attributable to the lower surcharge income or is there anything else which has contributed to this?

Management: I will give account with regard to subsidiary, it has gone down by Rs.102 crore and for JV it has gone down by Rs.374 crore. Now as far as the subsidiary is concerned, out of Rs.102 crore decline in one of the subsidiary i.e., THDC it is Rs.126 crore and that is due to LPS reduction by Rs.250 crore. So, a significant contribution is because of the decline in LPS, but there could be some other reasons such as we had to do discounting of receivables etc.

As far as JV is concerned, again, in NTECL, there is a decline by Rs.173 crore. Again, the entry is Rs.237 crore due to debtor discounting and decrease in surcharge income by another Rs.100 crore. But out of that, NTPC share is Rs.168 crore. So, these are the major items. There could be some reduction on account of some forced outage under recovery in other subsidiaries. Meja, for instance, Rs.70 crore decline is due to operational issues and as already I had said about HURL, it has gone down by Rs.76 crore.

Anuj Upadhyay: Fine, Sir. Further, the reason for high other expenses and employee expenses for the quarter, Sir.

Management: The increase in other expenses is by Rs.2,674 crore. That significant reasons are the exchange rate variation that has gone up by Rs.1,783 crore. Ash utilization and marketing expense were



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Rs.483 crore. R&M expenses is Rs.239 crore because there was more outage and more overhaul that we had done during this quarter. Interest to beneficiary Rs.69 crore.

Electricity duty commensurate with the sales has gone up by Rs.55.61 crore. Stores consumption by Rs.41 crore, Security expense has gone up by Rs.20 crore, Insurance by Rs.16 crore, rent by Rs.13 crore, advertisement by Rs.11 crore and there is a decrease in the provision for arbitration by around Rs.60 crore. So, on net base it is Rs.2,674 crore increase.

Anuj Upadhyay: Fine, Sir. Lastly, Sir, can you mention how much do we plan to raise through the monetization across the renewable deal? I do not want the percentage, but at least the quantum which we are trying to raise through this monetization plan.

Management: No, we cannot hazard a guess, as far as the quantum is concerned, we are contemplating offloading between 10% to 20%, depending on the response. So, it would be difficult, and it will not be appropriate also to give an expectation here when the bidding process is on within the board.

Moderator: We have the next question from the line of Dhruv Muchhal from HDFC Mutual Fund.

Dhruv Muchhal: Sir, in the note to accounts, there is a mention of ash transportation related charges after the CERC order. So, is there an impact on the financials because of this and also a recurring impact going ahead?

Management: No. In fact, we were provisionally accounting for this under regulatory income. However, when the final order has come from CERC, there is an accounting change and now we are booking it under revenue rather than the regulatory income. So, to that extent, there is a change in accounting. So, it has helped to improve the PBT. But the differential PAT would remain the same.

Dhruv Muchhal: So, it improves the cash flow collection, earlier you were not billing to the DISCOMs, now you are able to bill it to the DISCOMs?

Management: Absolutely, yes.

Dhruv Muchhal: And Sir, the order is in line with what we were provisioning?

Management: Order is fairly in line with what we were provisioning.

Dhruv Muchhal: Okay sure and Sir, there were reports that the government is likely to offer you gas at probably discounted rates or some reimbursement driven rates so that you are able to operate your gas plants. I believe that is for peaking power support. So, is there some further development to it? This I am asking in context because there were some earlier news that some of the DISCOMs wanted to surrender the PPAs as they expire for the gas plants. So, can there be some hope to further extension to these PPAs?



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Management: This matter is under discussion from the point of view of addressing the expected increase in the demand but however, there are no definitive numbers, I can give at this particular point of time. But definitely, in order to cope up with the picking demand, that could be one of the alternatives. The government is asking GAIL to supply gas at a reasonable rate, the discussions are still going on.

Dhruv Muchhal: Sure. Just technically, how does this work? So, for example, do you still have to provide peaking support from a gas plant, do you have to run this 24/7 at some minimum load so that the peaking power can be provided, or you can go from 0 to whatever levels you want? I mean, whatever the demand level is depending upon the request from DISCOMs?

Management: These gas plants, even now are providing peaking power, they are normally run on peak load hours. They can immediately start go to full load in 25 minutes. So, they can run for 2 to 3 hours and again stop .

Moderator: We have the next question from the line of Puneet from HSBC.

Puneet: Can you give some update on what all plants should we expect to commission in FY24?

Management: In FY24, Barh 660 MW Unit #3, North Karanpura Unit #2, 660 MW, Telangana Unit #2, 800 MW and RE projects of the order of 735 MW, total 2,855 MW is the capacities in target for FY24. This is NTPC stand-alone. If we go for BIPCL, which is our international project, where we have already added 660 MW, we'll add another 660 MW in FY24. Then NREL is expected to bring around 2,300 MW and THDC is expected to add 1,000 MW. So, our total capacity addition as a group will be 6,810 MW.

Puneet: Got it. And if you can share the dividend income for this year?

Management: Dividend income from JV for 9 months is Rs.710 crore and from subsidiary it is Rs.336 crore.

Puneet: Capex spend in the 9 months on standalone basis?

Management: Standalone capex target was Rs.22,454 crore approximately, we are at 84%.

Moderator: We have the next follow-up question from the line of Nikhil Abhyankar from DAM Capital.

Nikhil Abhyankar: Thanks for the opportunity again. Sir, I wanted to understand whether the revision in energy charges due to grade slippages affects our profits?

Management: So, if it is a generic question whether the grade slippage will reduce your energy charges. Is this what you are saying?

Nikhil Abhyankar: Yes, Sir.

Management: I will clarify, grade slippage has no role in our energy charge. Our energy charge is calculated based on the GCV what we receive at our site. So, there is no role of grade slippage in ECR.



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- Nikhil Abhyankar:** Okay, Sir. Understood and just to check on Tapovan Vishnugad power plant, how much have we spent and what is the way ahead over there?
- Management:** Tapovan Vishnugad, you must be aware that pursuant to state government order on 5th January due to subsidence, we have stopped construction activities at the project, and we are awaiting government clearances. Meanwhile, some PIL has been filed in the Nainital High Court, and the High Court has taken cognizance and they have set the next hearing date, on 24th May. We are pursuing with the government as well as the other authorities to come out of this and have an early hearing so that we can start construction. This is so far as the status of the project is concerned. As far as the expenditure is concerned, I think we have spent roughly Rs.6,000 crore as on date. That includes IEDC, IDC everything.
- Moderator:** We have the next follow-up question from the line of Apoorva Bahadur from Goldman Sachs.
- Apoorva Bahadur:** Sir, you provided the breakup for the renewable capacity addition plan, I apologize I missed that. Can you please repeat?
- Management:** Renewable capacity addition plan, you want me to repeat?
- Apoorva Bahadur:** Yes, sir.
- Management:** In FY24, 735 MW in NTPC and 2,300 in NREL that is about 3,000 MW of renewable capacity.
- Apoorva Bahadur:** Right. I think you had said that 40 GW will be bid based and the remaining will be open. So, break up for that, if possible?
- Management:** That is a broader picture, I had mentioned that we hope to reach 60 GW RE capacity by 2032. Contribution of 40 GW would be coming from tariff-based competitive bidding. 5 GW of that would be from CPSU Scheme and 35 GW through tariff-based competitive bidding. 15 GW will not be tied up on a long-term basis. 5 GW will be merchant. 5 GW we are planning through commercial and industry consumers direct space and 5 GW through flexibilization plan. Remaining 5 GW for green hydrogen blending with PNG, green methanol, etc.
- Apoorva Bahadur:** So, 5 GW of flexibilization, which you stated, that is with storage, right, with battery and pump etc.?
- Management:** Flexibilization is part of the scheme which Government has notified wherein we replace the thermal power within the day by solar power. So, wherever the thermal variable cost is on a higher side, this is an attempt to replace that variable cost of thermal by a cheaper solar power during the daytime. Actually, NTPC has been given a target by GOI. 12 GW of renewable capacity to be established for flexibilization purpose, which will replace high-cost thermal power plant during the daytime. We have already initiated a process for inviting bid of around 2.5 GW this year and NREL is going to participate in that bid. So, we are expecting that under this scheme, not only NTPC, but other CPSUs who are having the coal capacity, they are also



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supposed to invite bids for this purpose. So, this 5 GW is expected to be set up through that group.

Moderator: As that was the last question for today, I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

Jaikumar Srinivasan: Thank you very much for your participation in this conference call. I on behalf of my colleague directors and the entire team would like to thank you for your participation and very pertinent questions and wherever there is any additional information needed as told during the meeting, we will follow it up. Thank you so much.

Moderator: Thank you, Sir. Ladies and gentlemen, on behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
