



**NTPC Limited Q3 FY24 Earnings Conference Call
30 January 2024**

Management: Mr. Jaikumar Srinivasan, Director (Finance)

Mr. Dillip Kumar Patel, Director (Human Resources)

Mr. Ramesh Babu V., Director (Operations)

Mr. Shivam Srivastava, Director (Fuel)

Mr. K. Shanmugha Sundaram, Director (Projects)

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY24 Earnings Conference Call of NTPC Limited, hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harsh Dole from IIFL Securities Limited. Thank you, and over to you, sir.

Harsh Dole: Thanks, moderator. Greetings, everyone. I'm Harsh Dole. On behalf of IIFL Securities, I welcome you all to the 3Q FY24 earnings call of NTPC. To discuss the performance of the quarter gone by and share the outlook, we have the entire senior management team of NTPC. I would request Mr. Jaikumar Srinivasan, Director, Finance, to make the opening remarks, subsequent to which the floor will be open for Q&A. Over to you, sir.

Management: Thank you. Good afternoon to all the esteemed participants. I am Jaikumar Srinivasan, Director (Finance) at NTPC Ltd. It is my pleasure to extend a warm welcome to each of you for the Q3/9M FY24 Conference Call. Thank you for joining us today.

I have with me Shri Dillip Kumar Patel, Director (Human Resources), Shri Ramesh Babu V., Director (Operations), Shri Shivam Srivastava, Director (Fuel), Shri K. Shanmugha Sundaram, Director (Projects). I also have with me other key members of the NTPC team.

Yesterday, the Company announced the unaudited financial results for Q3/9M FY24. The Key Performance Highlights for Q3FY24 and 9M FY24 have already been disclosed on both stock exchanges.

NTPC has completed yet another remarkable quarter with a resilient operational and financial performance.

Operational Highlights of Q3/9M FY24

- As on 31 December 2023, the commercial capacity of NTPC stands at 57838 MW on a standalone basis and 73874 MW for the Group.
- NTPC Group generated 315 Billion Units in 9M FY24 as compared to 295 Billion Units in 9M FY23, an increase of 7%.

NTPC's standalone gross generation in 9M FY24 is 268 Billion Units as compared to 255 Billion Units in the corresponding previous period, an increase of 5%

- During 9M FY24, PLF of coal stations of NTPC was 76.40% as against the National Average of 68.51%. For 9M FY24, 4 coal stations of NTPC group viz. Bhilai, Korba, Rihand, and Singrauli, were among the top 10 performing stations in the country in terms of PLF.
- During the 9M FY24, there has been lower power surrender by beneficiaries due to lower un-requisitioned power of 66 Billion Units against 72 Billion Units in the corresponding previous period. There was a generation loss due to Fuel Supply of 0.33 Billion Units against 2 Billion Units in the corresponding period of the previous year.

Status of Fuel Supply:

- During Q3 FY24, materialization of coal against Annual Contracted Quantity was 95% as against 98% in the corresponding previous period.
- Coal supply during Q3 FY24 was 62.37 MMT including 2.15 MMT of imported coal. The coal supply during the corresponding previous period was 54.02 MMT including 1.57 MMT of imported coal.
- NTPC Group has registered the highest-ever coal production of 25.36 Million Metric Tonnes (MMT) in 9M FY24 with growth of over 74% as against 14.55 MMT in previous nine months. A cumulative expenditure of ₹10,612.52 crore has been incurred on the development of coal mines till 31 December 2023.

Coming to the Financial Highlights:

- Total Income for Q3 FY24 is ₹40,288 crore as against ₹42,149 crore in the corresponding quarter of the previous year. On a Nine-Month basis, the Total Income is ₹1,21,486 crore as compared to ₹1,24,685 crore in 9M FY23.
- PAT for Q3 FY24 is ₹4,572 crore, as against ₹4,476 crore in the corresponding quarter of the previous year, registering an increase of 2.14%. On nine-month basis, PAT is ₹12,523 crore as against ₹11,524 crore in 9M FY23, registering an increase of 8.66%.
- Total Income of the group for 9M FY24 is ₹1,32,349 crore as against ₹1,33,231 crore in the corresponding previous period. PAT of the group for 9M FY24 is ₹14,842 crore as against the corresponding previous period PAT of ₹12,250 crore, registering an increase of 21.16%.
- During Q3 FY24 our subsidiaries earned a profit of ₹1,516 crore as compared to ₹1,290 crore in the corresponding period of the previous year, registering an increase of 17.45%. NTPC's share of profit in JVs has increased from ₹481 crore in 9M FY23 to ₹1,424 crore in 9M FY24.
- During 9M FY24, we have accounted dividend income of ₹662 crore as against ₹1053 crore during 9M FY23.
- We had declared first interim dividend of Rs.2.25 per share for the financial year 2023-24 after second quarter results. Further, we have declared second interim dividend of Rs.2.25 per share yesterday. Thus, total interim dividend of Rs.4.50 per share has been declared for the financial year 2023-24.

The regulated equity as on 31 December 2023 was ₹82,094 crore for NTPC on standalone basis and ₹98,712 crore on group basis.

Fund Mobilization

- Average rate of interest during 9M FY24 is 6.66% as compared to 6.32% in 9M FY23.

CAPEX

- The Capital outlay of NTPC Group has been estimated at ₹28,373 crore for FY24.

- In 9M FY24, we have incurred a group CAPEX of ₹21,552 crore as compared to ₹26,058 crore in the corresponding previous period.

Further, I would like to list a few other highlights

- The NTPC group is deeply committed to advancing Renewable Energy initiatives. As of now, we have successfully commissioned 3364 MW of Renewable Energy projects. Currently, an additional 7808 MW of Renewable Energy projects are in various stages of construction. Moreover, we have 8225 MW of Renewable Energy Projects in the tendering process, and a substantial 3350 MW Equivalent Land Bank, presenting a tangible pipeline of 22747 MW.
- As part of our overall energy security plans, we are actively considering awarding thermal capacity of 16.8 GW in near future. This is in addition to 10 GW thermal capacity already under construction for the group. Furthermore, to have greater fuel security we are enhancing our coal mining capacity as well and expect to reach an annual production of 50 Million Tonnes in the next 3 years.
- On December 15, 2023, MDO contract was awarded for the Badam Coal Mining Project marking a significant milestone as all six coal mining projects of NTPC now have MDO contracts in place.
- "Going Higher on Generation, Lowering GHG (Green House Gas) Intensity," remains our motto for environment management & drives our efforts to comply with new environment norms. We have taken significant steps to control SOx and NOx emissions. Over the next 3 years, we plan to commission FGD systems for our entire operational and under-construction capacity, ensuring a substantial reduction in SOx emissions. 65200 MW has been awarded, out of which 5960 MW has already been commissioned & 59240 MW is under implementation.
- NTPC Group achieved 300 Billion Unit power generation in FY 2023-24 in record time of 262 days, which is 18 days early as compared to the last financial year.
- Erection work for 22 TPD Biomass Pellet Plant at Bhatinda, Punjab has been completed and the project is likely to be commissioned in Q4 of FY 2023-24. Erection activity for setting up of 50 TPD pellet plant at NTPC Dadri and 100 TPD pellet plant at APCPL Jhajjar are in progress.

Awards received by NTPC in Q3 FY 24

- NTPC received Gold Award for Annual Report at the Corporate Governance Disclosures Competition 2022 organised by the South Asian Federation of Accountants (SAFA). The annual report of NTPC for the year 2021-22 has been conferred with Gold award (Public Sector Entities Category) under SAFA Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC anniversary awards for corporate governance disclosures competition 2022.
- NTPC Coal Mines bagged Star Rating Awards under the Star Rating System instituted by the Ministry of Coal (MOC) to promote green, safe and sustainable mining practices. NTPC Dulanga Coal Mining Project has been awarded Star Rating Awards (3rd rank) under the category of Open cast mines for the year 2019-20, 2020-21 and 2021-22. NTPC Talaipalli Coal Mining Project has also been awarded Star Rating (Achievers Rank) under the Open cast category for the year 2019-20.
- NTPC has been recognized as one of the “World’s Best Employers 2023” in the Forbes World’s Best Employers list 2023. It ranked 261st out of top 700 companies in the World ranking and is the only Indian PSU to figure in the list. This is a testimony that the people practice at NTPC are at par with the top companies in the world.

These were some of the key highlights I wanted to share before we begin with the question-and-answer session. Thank you.

Moderator: Thank you very much. The first question is from the line of Anuj, ICICI. Please go ahead.

Anuj: I just had a couple of questions. First, if I see your stand-alone P&L, point number 5, profit before regulatory deferral account balances, that seems to have declined both on a quarter-on-quarter basis and on a Y-o-Y basis. While I understand there is point six as well, which talks about some regulatory deferral account balances, my question is, how should I be looking at the profit? Should I be looking at profit for the whole period, including regulatory deferral?

And second question is, how do I project this number? Because this number has been very volatile in the last few quarters. If I see last year, it was of a loss of

about INR1,750 crores, and this quarter, it is a profit of about INR1,466 crores. So that's point number one. And second question is if you can just quantify the incentives for this quarter, given that your PAF, the plant availability factor, was down about 6%, 7% from a quarter-on-quarter perspective. So, these two questions. Thank you.

Management: Yes. So, first question was on the stand-alone profitability, how you should be looking at the profitability? So, in fact, a mark of comparison, you should be looking at overall profitability, which is up by INR998.55 crores. The regulatory deferral, there was a peculiar thing in the last year that we had changed the methodology of accounting whereby all the sale of ash collections were accounted for under regulatory deferral. But subsequently, this was by account transfer, it was all shifted to the actual revenue. So, to that extent, there will be a variation seen. But on an overall basis, the profitability remains progressive.

Coming to your next question regarding incentives. The trend of incentive is for the third quarter, it is INR124 crores. And overall, for the nine months, the incentive is INR462 crores, which is higher compared to the last year. The trend is on an increasing trend. If you are to look at the figures of incentive for the last three years, it has grown from INR164 crores, INR354 crores, then INR424 crores and now it is INR462 crores.

Anuj: Okay. Thank you. Just one clarification. This net movement in regulatory deferral would remain elevated at these levels. Would it be fair to assume that? Or should it reverse going forward in the future quarters?

Management: No. The regulatory deferral is based on two, three components. One, it can be due to foreign currency movement. So, we can't capture that as a trend per se.

Anuj: Sir, basically, you were saying that there has been some accounting difference between last year same quarter and this year this quarter. So that's why I was just asking. So, you're saying it's difficult to comment.

Management: No, to that extent, that peculiar transaction is one-time. It will not be repeated.

Anuj: Thank you.

Moderator: The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good afternoon, and thanks for the opportunity. Sir, my first question is, what was the under recovery in the nine months? And what was this number in H1?

Management: Under recovery in sense of disincentive, you mean?

Mohit Kumar: Yes.

Management: Under recovery in the third quarter was close to INR256 crores. And overall, it is around INR740 crores, which we should see the reversal during the fourth quarter. This was essentially due to a more number of outages that were taken in the third quarter because it's kind of an over planning that during the first quarter of the next year, the demand is likely to be upside. So, as preparatory measures, more number of outages are taken in the third quarter. So, you should see a lot of reversals in the fourth quarter.

Management: I think I would like to give some clarification on this. Government of India has said to the power companies that they should not take any overhauls for the month of March onwards. So, some of the overhauls that were supposed to be taken in March, that was preponed. Similarly, in the beginning of the year up to June, we were not allowed to take any overhauls because of the prevailing grid conditions. So, some of these overhauls were also adjusted in these months. So, we have taken more overhauls during this period. And once these units come back on bar, you will see a lot of reversal of these under recoveries.

Mohit Kumar: My second question is that the fact that the under recovery has been higher in the last five years. And one of the key reasons could be that peak, off peak, lower season, high season and in the new regulation, the lower season, high season has gone off. Do you think this will help materially for us to report a lower under recovery in the next tariff period if the draft regulation prevails in the final?

Management: Yes, it could actually help the Company. In fact, with the government giving us the directions to schedule our overhauls, we were facing some problems. And we're actually telling the government also that this high demand, low demand thing should go. And in this 24-29 regulation, that has been removed. So, to this extent, yes, the under recovery will be less. We do not have this high demand, low demand.

Management: Just to add to what Director (Operations) said, yes, the changed regulations will give us a better latitude to manage our grid condition because earlier, whatever was the declared peak and non-peak and as compared to what was the real grid situation, so this will be a better latitude to operate.

Mohit Kumar: The last question is the government is saying about adding 88 GW of coal in next 10 years. Are we revising our capacity addition target for coal-based power plant as of now? Or do you think we will revise it later?

Management: Out of which, NTPC is going to add 16.8 GW thermal directly. And indirectly, we'll be supporting the state government utilities in awarding 7 GW.

Mohit Kumar: Understood, sir. Thanks, and best of luck.

Moderator: Thank you. The next question is from the line of Ravikanth from Tara Capital. Please go ahead.

Ravikanth: Thanks for the opportunity. Ravikanth Desai. This is my one small question. Is there any planning of merger of THDC and NEEPCO in NTPC?

Management: No, to our information, there is no such and whatever is there, it can just be a speculative kind of thing. Officially, there is nothing with us.

Ravikanth: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Atul Tiwari from Citi. Please go ahead.

Atul Tiwari: Yes. Sir, what was the recurring PAT in the quarter, if you could share that number? Normally, you adjust for some one-off, etc.

Management: Yes. See, if you are referring to what can you term as adjusted profit, our adjusted profit for the current Q3, it was INR4,468 crores as compared to INR4,424 crores in the previous Q3. If you talk of a nine-month basis, our adjusted profit is INR11,760 crores, which compares favourably with previous year, it was INR11,418 crores.

Atul Tiwari: Okay and sir, this 16.8 GW award plan, so like which are some of the key projects like which you could award over, say, next six months to one year out of this pipeline?

Management: This would be Singrauli 3, 1,600 MW; Sipat 3, 800 MW; Darlipalli, 800 MW. So, this would be typically in the Q1, Q2 tendering for the forthcoming year. There is one more, Meja, 2,400 MW; and Nabinagar 2, 2,400 MW; Telangana 2, 2,400 MW. So besides this, there will be Gadarwara, Anpara, Obra, Patratu. So, totalling to 16.8 GW. So out of this, 9.6 GW would be on a stand-alone NTPC, and 7.2 GW would be implemented through the JV/subsidiary.

Atul Tiwari: Okay, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Thank you so much. Sir, basically, out of the 16.8, the breakup is the 9.6 and 7 GW, right? That's how one should read in terms of this?

Management: Yes, 9.6 and 7.2 is the breakup between stand-alone and the JV/subsidiary.

Puneet Gulati: And what is the timeline of the award for all of this, and which one will be the first one to go?

Management: 5600 MW should be tendered out in the Q1 and Q2 of next year and 6,400 MW should be up to Q2 of FY26, and 4,800 MW could be there in FY27.

Puneet Gulati: Yes. So, for the first 5.6 GW, what are the stages of approval that you need to cross and where are you on those?

Management: In case of Singrauli, there is no need for studies. All studies have been completed. For Sipat, we are waiting for the EC and for Darlipalli, we need certain amount of land acquisition as well as EC. Meja, certain amount of land for is required. However, as committed, we'll be able to award it by next six months.

Puneet Gulati: Okay. So, you're expecting EC and land acquisition also to get completed and in Singrauli, you have EC already in place?

Management: Yes, we have the EC.

Puneet Gulati: Okay. Secondly, if it's possible to break up your other income in form of income from subsidiaries and rest of the income, it would be very helpful.

Management: See, the breakup of dividend would be that the dividend from subsidiaries, INR190 crores, and the dividend from JVs would be INR463 crores. The gross will be INR662 crores. What was your other question?

Puneet Gulati: Yes, and then there will be surcharge income, etc., right?

Management: Surcharge for nine months is INR186 crores compared to INR459 crores last year. So, the surcharge is on a reduction trend because of the good collection efficiency now.

Puneet Gulati: Right. Understood. My last question is on your renewable capacity that's still about 3.3 GW. You're sitting on 3 GW quite a bit. Are you happy with the pace of commissioning? Or do you expect that pace of commissioning to change in the year ahead? You have 4 GW of pipeline already.

Management: We have a commissioned capacity of 3.3 GW, but we are gearing up, as I was telling in my initial remarks that 7.8 GW is already under execution with PPA available, construction contracts are all awarded. Another 11.9 GW is in the pipeline where we have won the bid either or the LOA has been received, PPA has been signed. Some of them are through JVs, so JVA has been signed. Term sheet and some consents received. So, these are under well state of preparation, so under execution also. But nevertheless, I'll request my CEO of NGEL to elaborate on this, Mr. Mohit Bhargava.

Puneet Gulati: And also on the 7,800 MW, which is under construction, what should be the timeline of commissioning for FY25 and FY26 and if at all anything more can come in FY26?

Management: Yes. Good afternoon. First things first, no, we are not happy with the pace of execution, but these are things which are not in our control and now hopefully, we are back on track. The major issue, of course, was the module supply. So, we started receiving the supplies now. Out of the 7.8 GW, which is already awarded, progressively, we hope to commission them over the next 24 months. But about 1 gigawatt definitely will come by March.

That's what our target is because of what is going on. Then another of course, the idea is to have close to another 3 GW next year and balance thereafter.

Moderator: The next question is from the line of Lavina from Jefferies.

Lavina: Just wanted to check again on this slower pace of execution. Outside of receipt of modules, is there anything on the land acquisition side or certain other fronts maybe delaying the execution? Just wanted a perspective that your three-year target is in place, your '25-'26 target?

Management: No, the major challenge was module only because there has been a change in what the regulations have been put in place by the government. So, this is what delayed the module procurement. Other than that, I would say these are routine issues. Land and execution challenges through the EPC contractors are always there, but that's our job to take care of those. So, we don't perceive anything specific, which is out of hand there.

Lavina: Okay. So, your 2025-26 target would be in place, right, what you'll have in mind, what you have been guiding for?

Management: Yes.

Moderator: The next question is from the line of Anuj Upadhyay from Investec.

Anuj Upadhyay: Sir, my first question belongs to the under recovery, which you mentioned in nine months, we had around INR740 crores of under recovery, and we target to bring it down. Any number you want to put or where we would like to end up FY24 figures for the under recovery?

Management: It would be around INR400 crores to INR450 crores.

Anuj Upadhyay: INR400 crores to INR450 crores. Okay. Second is on the capacity addition, sir. So, while the renewable target has been mentioned, how about the conventional things? So, like year-to-date, we have added close to 1.6 gigawatt of capacity. And if I'm correct, we had given a consolidated target of adding somewhere close to 6 to 7 GW on an annual basis, of which roughly 3 gigawatt was renewable.

So how are the balance 4 GW of conventional capacity panning out? Are we sticking to the timeline for FY24, FY25, FY26 numbers? Or there is some kind of a change we expect?

Management: The current year target was 3580 MW in conventional, which we will be able to achieve. North Karanpura Unit 2, Telangana Unit 2 and Maitree Unit 2 in

Bangladesh are pending. These three are on track. They are expected to be commissioned by the month of February.

Anuj Upadhyay: Okay. So, they have been synchronized, Sir, right?

Management: North Karanpura has achieved full load also. Telangana as well is going to achieve full load in two to three days. Maitree was not able to go to trial operation because of coal issues. Now they are also starting.

Anuj Upadhyay: Fine, Sir and for FY25 & FY26?

Management: For FY25, we have a target of around 4 GW and for FY26 around 2.7 GW plus.

Anuj Upadhyay: All right, Sir and the PPA and FSA are all in place for this capacity, which are likely to come up by FY26, right, sir?

Management: Yes.

Anuj Upadhyay: Okay and only for the new projects which we have announced, 16.8 gigawatt, we need to seek the approval for the PPA and FSA?

Management: Yes. It's on the cards, no issue.

Anuj Upadhyay: Okay and lastly, on the cash flow front, so factoring the thing that we are adding close to 6-7 gigawatt on an annual basis, how would our cash flow be placed so that we can meet the equity capex for this capacity? If you can throw some light on this, it would be helpful, sir.

Management: We have a comfortable projection, depending on all the capacity additions, and better regulated equity, we will keep on adding. So, our cash flow projection is comfortable and would be able to take care of our 30% equity for all this requirement.

Moderator: The next question is from the line of Satyadeep Jain from AMBIT Capital.

Satyadeep Jain: First question on renewable energy. On the 7.8 GW that you're looking at for the next two odd years, given we've seen correction in module prices, and you've finally secured modules, any idea the IRR on these projects that you're looking at? Would it be better than the projects you already have executed, or could it be better than the existing projects? That's the first one.

Management: If the module prices remain corrected and maybe go down further, definitely, there will be better IRR.

Satyadeep Jain: When you are biddings for RE projects, what is the IRR you're looking at right now?

Management: See, the renewable side is a competitive arena, and the IRR is something which I can only give you a range. I cannot be very specific about this. So, we are looking for a very healthy IRR, which would be comparable with what we are earning in the cost-plus segment. I cannot be more specific.

Satyadeep Jain: Okay. On the 16.8 GW of capacity for coal you mentioned, any idea how much of that could be pithead and how much non-pithead?

Management: Singrauli is pithead, Sipat is also pithead, Darlipalli is pithead, Meja is non-pithead, Telangana is pithead, Gadarwara is non-pithead, Nabinagar is non-pithead, Patratu is pithead. Obra and Anpara are pithead, so we can tally it up and on a ballpark basis, 60% to 65% is on a pithead basis, and remaining 35% is non-pithead.

Satyadeep Jain: Okay. Just one clarification on the capacity expansions. You mentioned 4 gigawatt for FY24. Is it largely on time when we look at Telangana and North Karanpura? Can you maybe just talk about how much are you looking at commissioning in the first half of FY25?

Management: The next year you are talking, first half?

Satyadeep Jain: Yes.

Management: First half, it will be Barh and North Karanpura. Telangana will be commissioned in this year itself. Telangana, North Karanpura Unit 2 by this year itself. Next year, it will be 1 unit of North Karanpura, 1 unit of Barh, 1 unit of Patratu and 1 unit of THDC Khurja.

Moderator: The next question is from the line of Nikhil from Bernstein.

Nikhil: My first question is on pumped storage project. Last time, we had announced that there's about 14 GW of opportunities under various stages of discussion. I wanted

to check, what is the status on that? Any progress that has been made on those pumped storage opportunities?

Management: After going through all the studies and analysis and the interaction, right now, we are aiming at 7 GW, out of which Tamil Nadu contributes 3 GW, and the MOU is at the last stage. Maharashtra, 800 MW, MOU has been signed yesterday. Chhattisgarh, around 1,200 MW; Gujarat, 1,000 MW; Meghalaya, 1,000 MW are the probable customers for us. It's around 7 gigawatts we are aiming at now. Out of which, Maharashtra has materialized. Rest are in different stages. Tamil Nadu we will get it very soon. Meghalaya, Chhattisgarh and Gujarat, we're following it up. Just one update on Maharashtra. Maharashtra is actually 2 GW. That's what we signed yesterday.

Nikhil: So overall, 8 GW, which are under active stages?

Management: Yes.

Nikhil: Understood and in terms of timeline, what should we expect to see?

Management: Generally, the time taken is two years for DPR and construction period is between five to six years. Totalling, around seven, eight.

Nikhil: Got it. Understood. My second question is on the renewable front. So, I had a couple of clarifications there. Just firstly, on FY26, just wanted to clarify what number are we then targeting? Is it about 15 GW of renewable by FY26, which we had communicated in the last call? Or if that number revised downwards now in terms of total operating capacity by FY26 end?

Management: No, no. We are still in that ballpark.

Nikhil: Got it and second question on renewable there is on transmission front. Is transmission a reason for delay or which could potentially delay our aspirations on the renewable front?

Management: Difficult to say upfront, but yes, the transmission is a challenge for actually all the developers, and the government and the transmission basically are focusing on that. Most of the power projects have connectivity in place, but yes, in a few of them probably, there might be minor delay in connectivity, but we don't anticipate that to materially impact us.

Nikhil: Got it. That's helpful. Maybe one last question from my side. On the module price question, which came up earlier as well, given the crash in module prices, as you said, should benefit us, the 7.8 GW, which is under construction on renewables, for them, am I correct to understand it's typically on a turnkey basis, where the module price is already locked?

Management: No. In fact, most of that is in the 2-package mode where we are procuring modules directly.

Nikhil: Understood and would the orders have been placed already on the module front as well?

Management: No, not for all. We have placed order for about 2.5 GW.

Moderator: The next question is from the line of Swati Jhunjunwala from BOB Capital.

Swati: First question is on the coal mining. So, for 9 months, we have done 20 MMT against our target of 34 million tons for the entire year. So, is that target still intact or are we revising it?

Management: 25.36 million is 9 months, and right now, we are at 27 million.

Swati: Got it. So, the 34 million ton is intact? This will be achieved by the end of the year.

Management: Absolutely. Yes.

Swati: Okay. Got it. And second question is on the renewable front. So, we're planning to commission around about 15 gigawatt by FY26. But the pumped storage capacities that are coming up for 8 gigawatt, as you said, will take another 6 to 7 years. So, the kind of PPA that you are signing, is it on an RTC basis or is it on a project-to-project basis?

Management: No, the PPAs which we have signed also include RTC power, but for those RTC PPAs, we are not looking at our own pumped storage as of now. In fact, as we had mentioned last time also, we've already tied up for a 500-megawatt pumped storage, and we have another 1,500 MW storage bid in the market. So, we'll be using that capacity for meeting our PPA requirements.

Swati: All right. Understood and last question on the 16.8 GW thermal capacity. So, of this, is the entire 16.8 under RTM or is only the 9.6 that is the stand-alone part is under the regulators?

Management: No. The entire capacity would be predominantly on a cost-plus basis.

Swati: On a cost-plus basis. All right. Okay.

Moderator: Thank you. The next question is from the line of Dhruv from HDFC AMC.

Dhruv: Sir, 10 gigawatt of thermal capacities are already under construction, and 16.8 gigawatt we have to tender in the next 2, 3 years. That's over and above about 10 gigawatt. Sir, any status on this 16.8 in terms of the PPAs, the states which are coming up to sign PPAs? Is there a willingness or just some status there?

Management: We have PPAs for some of them, like Darlipalli, Singrauli, and we'll be signing PPAs for others like Sipat and Telangana 2 and other projects.

Dhruv: But the states are coming forward to sign PPAs, is it or I mean, where are we right now in terms of their willingness to sign PPAs?

Management: Yes, yes, they are willing to sign PPAs.

Dhruv: Okay. Got it. And sir, the other thing, a small point was what was the PAF under recovery, the fixed charge under recovery in the last year same quarter, 3Q FY23?

Management: Okay. Last year, Q3 was INR168 crores.

Dhruv: Fixed charge under recovery?

Management: Last year was improvement, not under recovery. It was an improvement.

Dhruv: INR168 crores. Got it.

Moderator: The next question is from the line of Akshat Vyas from Reliance Nippon Life Insurance.

Akshat Vyas: Sir, just wanted to know your capex for the next year would be how much?

Management: The standalone capex for next year would be close to INR22,700 crores and for FY26, it could be close to INR26,300 crores.

Akshat Vyas: And sir, how the fund raising would be done?

Management: Debt, equity, 70-30.

Akshat Vyas: Debt, equity, 70-30. Okay, Sir.

Management: That's the normative as far as the cost-plus projects are concerned, but renewable, it could be slightly different. We can go for higher leveraging, if possible.

Moderator: The next question is from the line of Falguni Dutta from Man Sarovar Financial.

Falguni Dutta: I just have one question. So, what's your view on the overall demand supply in power for the next 2 years, let's say, if we even include the renewable capacity therein?

Management: When you talk about demand supply, I presume you're talking at the country level?

Falguni Dutta: For country, yes.

Management: Okay. Now I'll give you two projections. So, one is by the end of 2026-27, the overall electricity demand in terms of peak demand, it would be 277 GW and on an energy basis, it would be 1,908 billion units.

Falguni Dutta: Okay sir.

Management: And if you take a projection up to 2031-32, the peak demand is estimated at 366 gigawatts, and the energy demand would be 2,474 billion units.

Falguni Dutta: Sir, again, for FY '27 I just wanted to know, how are we placed for the country, will the demand overshoot the supply, I just wanted to take a view in terms of merchant power rates and thereabout?

Management: I can only share that right now, 27 GW of coal capacity is already under construction and another 31 GW, close to that, is under advanced stage of planning, and another 18 GW is required to be planned. So that would essentially

mean that the coal capacity would be closer to 283 GW by the end of 2032. These are broad numbers available at the planning stage.

Falguni Dutta: No, sir, just with your last statement, were all for coal you mentioned, right?

Management: That's right. All for coal, on all India basis and the estimated closing capacity at the end 2032 should be closer to 283 GW. This would factor some amount of retirement, possible retirement depending on the health of the plants. So, we have factored around 2 GW of retirement as well in this.

On the renewable side or we can say on non-fossil fuel side, solar target addition would be 246 GW, wind around 46 GW and from other non-fossil fuel sources of 52 GW. So, the total addition targeted for the country as a whole is 343 GW. So, this should take the overall RE capacity considering the existing capacity to 530 GW by the end of 2032.

On aggregate basis, the total target capacity at the end of FY32 would be 838 GW. Total of 412 GW would be the target addition, considering the conventional as well as RE side.

Falguni Dutta: So, 412 GW is the target addition till 2032?

Management: That's right.

Falguni Dutta: Okay. Sir, you don't think that with more solar coming in, I mean, what we hear is various companies putting up solar capacity. So, is there a case that the thermal capacity demand comes off a little bit, it gets offset with solar and therefore, we see some lesser demand for thermal, I mean, do you see such a situation?

Management: Madam, one of your questions was we'll be able to supply the demand. See, as of now, the current additions in the renewable sector and the thermal, there is no issue of meeting the demand during solar hours. Probably during non-solar hours, the short time, there could be some crunch. But even that, provided all the thermal units on bar, that's not an issue. If thermal units are under maintenance more than the required, then there's an issue. That is what is the demands of the situation.

Moderator: The last question is from the line of Aditya Welekar from Axis Securities.

Aditya Welekar: Sir, any colour on the green hydrogen? There was an announcement yesterday that government of Maharashtra will be putting some INR80,000 crores investment in NTPC Green Energy. So, how should we see this green hydrogen space shaping up in future?

Management: Yes, I think there's one correction upfront. Maharashtra government does not intend to invest anything in NTPC. The MOU which has been signed says that we will be investing up to INR80,000 crores in Maharashtra for setting up green hydrogen projects backed by renewable and pumped storage and so on.

So that is the broad objective in the MoU and the broad timeline is to do it within the next 5 years. Maharashtra recently came out with a new hydrogen policy, and this is broadly an outcome of that NTPC Green has committed to take up.

On a more generic note, green hydrogen is still evolving, and all the IPPs, including NTPC, are looking at off-take agreements. Meanwhile, the government is also looking at putting up mandates for the domestic companies.

So, once all these things happen, demand will be created because there are a lot of people who are willing to set up hydrogen projects, ammonia projects, but ultimately without off-take, this may not be easy to get off the ground.

Moderator: As that was the last question, I would now hand the conference over to Mr. Harsh Dole from IIFL Securities Limited for closing comments.

Harsh Dole: Thank you. On behalf of IIFL Securities, I'd like to thank all the participants. And I'd also like to thank NTPC management for giving us an opportunity to host this call. Really appreciate, Sir. Before we conclude the call, would you like to extend any last message?

Management: I would on behalf of the management of NTPC to thank all the participants for their very well-informed questions and if there are any remaining queries, which are yet to be answered, we will be supplementing it through a direct reply to that. So, thank you once again. Thank you very much.

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