

# 14<sup>th</sup> India Investor Conference

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Having met with management yesterday at our 14<sup>th</sup> Annual India Investor Conference in New Delhi, here are our key takeaways:

Key takeaways were:

## India's largest hydro electric company; 5.2GW in operation

NHPC is India's largest hydroelectric power company with a capacity of 5175MW including 1520MW capacity of subs. NHDC. It has 13 hydro power stations (5.2GW) - 11 of parent (3.7GW) and 2 of subsidiary (1.5GW). NHPC has 17.2GW of projects in the pipeline. Key positive catalysts are: a) full RoE for Dulhasti project in FY10E, b) surplus equity & IPO proceeds to be deployed in power assets, c) 44% of the gross block in CWIP to be converted into RoE earning assets over 3 years and d) likely merchant sell of 3.75-7.5% of its power. Delay in Capex and increased competition are negative catalysts.

## 17.2GW of projects under pipeline

NHPC has 26 hydro power projects of 17.2GW under pipeline of which 14 projects of 5.7GW under implementation, 5 projects of 6.7GW awaiting clearances and 7 projects of 4.9GW under survey and investigation.

## Regulated IPP - RoE 17% + Merchant Sale

NHPC is a regulated IPP, which has earned 17% RoE. However, higher CWIP has caused blended RoE of 7%. NHPC may likely to be allowed 3.75-7.5% of its power to sell on merchant basis. Company is making its case to the regulator that recovery of RoE should be allowed during the construction phase as well. Company believes that RoE for the construction phase should be capitalized and later recovered against the project cost.

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