

Q3 2011 Earnings Call – NTPC

Dt- 1 Feb'11

Operator

Ladies and gentlemen, good day and welcome to the Q3 FY '11 Results Conference Call for NTPC hosted by Prabhudas Lilladher. As a remainder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. Joining us on the call today from Prabhudas Lilladher are Ms. Amisha Vora and Mr. Dilip Bhat, Joint Managing Director along with Ms. Rupa Shah. With this, I would now like to hand the conference over to Ms. Rupa Shah. Thank you and over to you ma'am.

Rupa Shah, Analyst, Prabhudas Lilladher

Thanks, Rochelle. Good evening, everyone. I would like to welcome you all for the third quarter conference call of NTPC. We have with us the senior management team of NTPC comprising of Mr. A. K. Singhal, Director Finance; Mr. I. J. Kapoor, Director Commercial; and Mr. N. N. Misra, Director Operations. We shall begin the call by a short briefing by Mr. Singhal and then proceed to Q&A. Over to you, sir.

A. K. Singhal, Director of Finance

A very good afternoon to everybody. I'm A. K. Singhal, Director Finance, NTPC. I have with me my colleague, Mr. N. N. Misra, Director Operation. Mr. I. J. Kapoor could not join because of prior engagements.

Yesterday, the company has announced the unaudited financial results with limited review carried out by the statutory auditors for the third quarter as well as for nine months period ended December 31st, 2010. I would now update you through the performance for the third quarter and nine months period for financial year 2010-11.

The total capacity of Group NTPC synchronized so far is 33,194 megawatts including 3,364 megawatt capacity owned by our JV companies. Except for two units of 500 megawatt each synchronized at Indira Gandhi Power Project at Jhajjar, Haryana, and Korba Super Thermal Power Station, the entire capacity of 32,194 megawatt is under commercial operation.

Now let us discuss some details of NTPC power projects. We have our total capacity, as on 31/12/2010, 29,830 megawatt; commercial capacity is 29,392 megawatt. As on 31/12/2009, it was 28,350 megawatt and commercial capacity was 27,912 megawatt. We have added 1,480 megawatt on year-to-year basis, in which includes 2 units of 0.90 megawatt each at NCTPP stage II, which was declared commercial on 29th January 2010 and 16th July 2010 and one unit of 500 megawatt at Korba III; it was commissioned on 26/12/2010.

The total generation during quarter three and the first nine months of current fiscal is as follows. Gross generation for the quarter ended December 2010 is 54.736 billion units; in corresponding to 54.483 billion units generated for the quarter ended December 2009, registering an increase of 0.46%. Commercial generation during the same period was 54.720 billion units versus 54.297 billion units. Energy sent out was 51.315 billion units versus 50.907 billion units, up by 0.80%. For the nine months period, 2010-2009, we have generated 162.667 billion units in comparison to 160.34 billion units in the corresponding period, plus by 1.45%. Commercial generation was on 62.624 billion units versus 160.077 billion units, up by 1.59%. Energy sent out was 152.34 billion units versus 150.133 billion units, up by 1.47%.

Gross generation as well as commercial generation is up for the first nine months of the current fiscal as compared to corresponding nine months of last fiscal. Similarly, for quarter three of current fiscal, the gross generation as well as commercial generation have improved as compared to the corresponding period in previous years mainly on account of additional commercial capacity contributed by two units of 490 megawatt each added at NCTPP and one unit of 500 megawatt at Kahalgaon project.

Due to increase in plant maintenance, the impact on generation in the first nine months period was 6.21% as compared to 5.43% in the corresponding period last year. Substantial units were lost due to grid restriction during quarter three as well as for nine months period in the current fiscal. The generation could have been higher by about 10.242 billion units in the current nine-month period if demand schedule was given for 100% declared availability.

For the quarter ended in coal, we have lost 2.813 billion units. In gas, we lost 2.522 billion units in comparison to coal 0.211 billion units and gas 2.075 billion units for the quarter December '09. Had this been allowed to be generated, we would have added 3.049% more to our generation, which has been generated during the quarter. Similarly for nine months period, we would have - we would have added 10.242 billion units additional in comparison to 4.084 billion unit for which packing down was taken by the respective

State Electricity Board. Our generation would have been higher by 6.158 billion units. The PLF data for the quarter and the nine months period is as follows: PLF all India for the quarter 2010 is 74.48% in comparison to 76.59%. For NTPC coal station, PLF was 87.17% in comparison to 90.54%, minus 3.37%. For gas, it is - it is 66.28% versus 73.59%, minus 7.31%.

For nine months period for December 2010, all India was 72.86% in comparison to 76.17% in the corresponding period, minus 3.31%. For NTPC coal cumulative generation for nine months was 86.51% as compared to 88.60% in the corresponding period, minus 2.09%. Similarly for gas, it was 71.56% as against 76.77% in the corresponding period, minus 5.21%. PLF for coal station decreased by 3.37% during quarter three in the current fiscal over corresponding quarter and reduced by 2.09 over nine months period. This was primarily due to grid restriction as I explained above. It may also be noted that there has been a decline in the all India PLF in the quarter three as well as nine months as compared to the corresponding periods in the previous fiscal.

As per new CERC regulation, the incentives have been linked to plants availability factor. Our coal stations registered improved availability factor during quarter three as well as nine months period. Gas stations have also shown improved AVF for quarter three as well as quarter nine months period over the previous corresponding period.

The AVF on declared capability for our coal and gas station is as under. For the quarter ended during December 2010, availability factor for coal was 93.61% as against 91.22% for the corresponding period, registering an increase of 2.39%.

Availability factor in gas was 95.57% in comparison to 93.06%, plus 2.51%. Similarly for nine months period, coal availability was 90.09% as against 89.13% in the corresponding period. Gas was 91.21% as against 89.09% in the corresponding period, plus 2.12%.

Coming onto financial performance. For the quarter ended December '10, we have made a profit after tax of INR 2,371.48 crore as against INR 2,364.98. There is an increase in profit by INR 6.50 crore. Similarly for nine months period, our profit after tax was at INR 6,320.75 crore as against INR 6,710.55 crore, down by INR 389.80 crore. If we adjust one of the item from our above profit in the quarter our adjusted profit as against 2003 is INR 71.48 crore for the quarter December '10 would have been INR 2,319.23 crore. Similarly for quarter ending December '09 would have been INR 2,090.33 crore in comparison to INR 2,364.98 crore thus registering an increase of 10.95% as against 0.28% reported.

The adjustments which had been made in the reported profit are on account of previous year sales, which is minus INR 159.82 crore in comparison to minus INR 191.82 crore. FERV adjusted to interest plus INR 28.41, minus INR 88.63 in the corresponding period.

Therefore, the ERV minus INR 15.95 versus INR 73.05 plus MAT related adjustments minus INR 75.03, minus INR 43.41 crore. Depreciation impact current year minus INR 54.86 versus zero, increment gold coin leverage INR 2.27 crore plus, provision for bad and doubtful debts INR 0.18 crore, fixed charges current year minus INR 15.42 crore, Income tax impact INR 17.31 crore plus, advance against depreciation write back current year minus INR 31.07 versus minus INR 23.83 crore. Reduction in fixed charges due to MAT rate INR 251.73 crore versus zero. Total adjustment would have resulted in deduction in profit by INR 52.25 crore in the current December '10 quarter whereas the deduction in profit would have been INR 274.64 crore in the corresponding quarter previous year, the adjusted profit, as I have already explained it to you.

Similarly for nine months period also, the adjusted profit after tax as against INR 6,320.75 would have been INR 6,034.61 in comparison to INR 6,710.55 reported profit to INR 6,185.06 adjusted profit after tax. That is minus 2.43% as against minus 5.81%.

The previous year's sales adjustment would have been minus INR 380.36 versus minus INR 192.93. FERV adjusted to interest is plus INR 105.56, minus INR 13.78. Deferred FRV INR 23.15 versus INR 62.19, prior period adjustment minus INR 1,842.68 versus minus INR 82.29. Depreciation impact current year minus INR 161.25 versus zero. Increments et cetera plus INR 117.36 versus zero. Provision for bad and doubtful debts INR 1,262.86 crore versus zero. Fixed charges current year minus INR 41.61 versus zero. Income tax impact zero. AAD write back current year minus INR 92.86 versus minus INR 298.67. Reduction in fixed charges due to MAT rate plus INR 723.69 versus zero. Total adjustment minus INR 286.14 versus minus INR 525.48.

The increase in MAT sales or electricity by 20% has been maintained in quarter three as well. This increase is primarily on account of increase in fuel cost, incentive earned on Farakka and Kahalgaon station due to higher availability and

also partly due to increase in generation on addition of new capacity. Coal India and the SCCL revised rates for coal with effect from 16th October 2009 and 30th December 2009 respectively.

For computing the MAT sales, MAT-based ROE has been considered for the current quarter three as compared to normal tax rate considered for previous corresponding quarter. Other income including other operating income has declined due to fall in interest from investment of surplus funds deposited in banks and also due to progressive redemption of tax rebounds. Tax rebounds outstanding as on 31 December 2010 is INR 8,996.02 crore.

In line with opinion expressed by C&AG, there is a depreciation write-back of INR 90.86 crore in quarter three and INR 1,111.78 crore for nine months period of the current fiscal. Further due to the change in depreciation policy, AD has been reassessed and an amount of minus INR15.14 crore for quarter three and plus INR 727.49 crore for nine months period has been recognized as prior period sales. A sum for INR 0.18 crore for quarter three and INR 1,262.86 crore for nine months period included in debtors on the basis of certain appeal order in favor of the company have been fully provided for during the quarter and shown as provisions.

EBITDA for quarter three has increased by 8.58% over corresponding quarter three of previous fiscal. Overall taxes increased primarily on account of increase in deferred tax by INR 278.37 crore on account of reworking of deferred tax assets, deferred tax liabilities and deferred tax recoverable from beneficiaries due to accounting of depreciation.

During the quarter, Ministry of Power, Government of India informed that one of the hydropower projects of company, which was being implemented pursuant to the various clearances approval, is to be discontinued. MOP has sought details of expenditure incurred, committed expenditure and possible expenses for winding up of the project. Management expects the cost incurred and the committed cost for this project will be compensated in full and hence no provision is concerned necessary.

Cash and cash balance as on 31/12/2010 is INR 19,836.11 crore.

Coming to fuel, the coal supply provision has improved during the current fiscal. During the first nine months, April to December, 100.44 million metric ton of coal was received as against 98.58 million metric ton during the same period last year, registering an increase of 1.88%. During quarter three in the current fiscal, the coal received was 35.33 million metric ton as against 35.26 million metric ton in corresponding quarter last year.

As against balance, 9.92 million metric ton of imported coal tied up, 8.12 million metric ton has been received. For further imports of coal LOI placed on HCC for supply of 12 million metric ton contract agreement has been signed with HCC on January 26th, 2011. Supplies to commence against this order by March 11 around 0.8 to 1.5 million metric ton to be supplied per month at designated station. For the next fiscal, Ministry of Power is expected to finalize coal requirement of the order of 16 to 18 million ton for NTPC.

During the first nine months of the current fiscal, gas generation received 13.78 MMSCMD as against 13.48 MMSCMD received during the same period of the previous year. Gas procured on the spot basis during the current fiscal is 0.97 MMSCMD fall back and long-term our LNG is 1.92 MMSCMD, KG-D6 gas is 1.88 MMSCMD and the balance 9.01 MMSCMD was received under APM and PMT mechanism. Gov allocated 4.46 MMSCMD of KG-D6 gas to NTPC. Existing NCR gas-based power station, out of 4.46, 2.30 has already been contracted, balance 2.16 MMSCMD is being discussed for tie-up. Further NTPC has sought allocation of 54.025 MMSCMD of domestic gas for 9 gas-based power station, totaling 10,650 megawatts.

You will be glad to know that in addition to our core business of power generation, we are moving closer to supplementing our earnings from our coal assets. The first coal mine block Pakri-Barwadih has received stage II forest clearance from MOE, paving way for production of coal. One of the most daunting challenge now is to acquire 9,206 acres of land for this mine. This comprises of 6,490 acres of private and government land and 2,715 acres of forest land. So far, we've acquired 58 acres of land, which is in our possession and the rest is being acquired progressively. The only thing, which remains in acquiring this land, is we have to take the physical possession of these land. All other formalities have already been completed, which will ensure that this land is physically available to us.

Our board of directors has also approved an investment of INR 3,193.86 crore on 12/11/2010 for land, plant, and machinery, railway siding, mine development expenses, and building et cetera. Around 68% of this expenditure is towards plant and machinery and mine development expenses. This project will be funded with a debt to equity ratio of 70:30. Further, MOU has been appointed for a period of 27 years, 2.34 million metric ton of coal is expected to be mined during 12/30. This mine will give 15 million tons per annum of coal at peak capacity and it is expected that we would be able to achieve the peak capacity within a period of three years.

This mine is to be developed by the end of the year 2012. The stripping ratio of mine is 1:4.17. So far, we have incurred our expenditure of INR 263 crore on this mine and this is going to be accelerated during the next two years. Development of other mining block is progressing well. Overall progress of all the mining block is that we have 176 executives posted at all mines so far, over 21,000 acres of land to be acquired. So far, an expenditure of INR 437.72 crore incurred 45 million tons of coal to be produced by 2017.

During the current quarter also, we have been able to realize 100% of the amount built, thus maintaining the trend of full realization of use. We have signed PPA for over 100,000 megawatt till now. In the year 2010-11 up to 5th January '11, 191 power purchase agreement for over 47,000 megawatt have been signed with various VISCOS and SAT utilities. MOP has allowed 15% of power to be sold outside long-term PPAs in respect of each of unit number 7 of 500 megawatt Korba Super Thermal Power Project and unit number 6 of 500 megawatt of Farakka Super Thermal Power Project. Thus power from 150 megawatts will be supplied on merchant route.

So far as funding is concerned, out of the total term loan amounting to INR 56,687 crore write up with banks and Indian financial institution, loans amounting to INR 22,672 crore are yet to be drawn for financing the CapEx. In addition, loans amounting to INR 2,531 crore are also available for undrawn portion of foreign loans raised under ECB rules. Further during the year, bonds amounting to INR 645 crore had been issued to AGI and other investors during the current fiscal and the proceeds are to be utilized to finance the capital expenditure of our project.

We have also signed a facility agreement for USD \$300 million with Bank of Tokyo-Mitsubishi UFJ Limited, having a door-to-door maturity of seven years on 30th November, 2010 to part finance the capital expenditure on its ongoing project.

The revise budget estimate for 2010-11 of capacity addition is INR 15,820 crore, till date we have expended 6840 - till 31 December 2010, we've expended INR 6,840.56 crore. In addition, an amount of INR 2,855.58 crore has been expended by JV subsidiary companies including an expenditure of INR 668.48 crore considered in NTPC CapEx.

Unit VII 500 megawatt of Kobra stage III was commissioned on 26/12/2010. The COD reorganization is expected soon. In addition to commissioning of a unit of 490 megawatt of NCTPP 500-megawatt unit at Indira Gandhi STPP and 500-megawatt unit of Korba stage III, it is expected that 1,660 megawatt consisting of following projects will be commissioned during balance period of current fiscal; Sipat stage I, Unit I 660 megawatt; Farakka stage III, Unit VI 500 megawatt; Simhadri stage II, Unit III 500 megawatt.

Unit I of Sipat stage I will be the first supercritical project being commissioned by NTPC. During 11th five year period, 5,790 megawatt has already been commissioned. And we have 15,740 megawatt of capacity under construction.

So far as bulk tendering is concern for TG package, the letter of intent issued for Solapur, Mouda, and Meja projects on January 7th, 2011. LOI to be issued for three units for Nabinagar shortly. For SG package after retendering, four bids have been received on September 25th of this year and the same are under evaluation.

Ministry of Power has also issued guidelines in January 2011 after clearance of the same by cabinet for bulk tendering of 800 megawatt projects. Feasibility reports of projects having a cumulative capacity of 12,670 megawatts were approved during the quarter by our board. Proposal to send up 1,320 megawatt coal based power plant at Dhablan, West Bengal for Railway.

MOU has been signed on 31st October, 2010 between NTPC and Railways by far is expected to be completed by February 2011. Proposal to set up 1,320 megawatt coal based super thermal power plant at Billawar district, Kanpur, Uttar Pradesh. MOU has been signed between NTPC and UPRUVN on 31/12/2010.

So far as our international business is concerned, an MOU has been signed between NTPC and Bangladesh Power Development Board on 30th August, 2010, for co-operation in power sector. A joint venture agreement is under finalization. BPDB has ordered the consultancy assignment to NTPC on 30th September, 2010 for persuasion of the feasibility reports for two power projects, one each at Khulna and Chittagong. The site specific data for these sites will be provided by BPDB to NTPC. The SR for Khulna site will be reviewed by February 2011.

Similarly in Sri Lanka, NTPC is setting up 2x250 MW coal-based power project in Trincomalee with Ceylon Electricity Board, NTPC has already started site study, or preparation of feasibility report by far it's to be ready by 2011.

Shri. Arup Roy Choudhury, our Chairman, Managing Director, NTPC Limited has been conferred Scope Award for Excellence and outstanding contribution to the public sector management individual category 2008-2009, the award was given by Honorable Prime Minister, Dr. Manmohan Singh on 15th December 2010 at Vigyan Bhavan, New Delhi.

In line with the corporate disclosure requirement, we wish to inform you that NTPC Limited has been conferred today with PSU Excellence Award 2010, in the best financial performance category by Indian Chambers of Commerce along with Deloitte, the award was given by Honorable Minister of Heavy Industry & Public Enterprises, Shri Vilasrao Deshmukh. These are some of the highlights, I wanted to give before the question-and-answer session. Thank you very much.

Q&A

Operator

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. [Operator Instructions]. Our first question is from the line of Prashant Kothari from ICICI Prudential, please go ahead. Mr. Kothari?

<Q - **Prashant Kothari**>: Yes, I wanted to understand in this quarter we have grossed the tariffs based on MAT rate or full corporate

tax rate?

<A - **A. K. Singhal, Director of Finance**>: It is MAT rate.

<Q - **Prashant Kothari**>: It is MAT rate. And what is the outlook sir for the full year and for the next year, sir, on that prospect?

<A - **A. K. Singhal, Director of Finance**>: For the - for the current year, there is a possibility that the fourth quarter based on the expected commercialization of the project, we may gross up return with the normal tax rate.

<Q - **Prashant Kothari**>: Okay. And what would be for the next year, sir?

<A - **A. K. Singhal, Director of Finance**>: Since it is too early to talk about the next year, we will talk about in the first quarter results call.

<Q - **Prashant Kothari**>: Okay, okay. Thank you, sir.

Operator

Thank you Mr. Kothari. Our next question is from the line of Vivek Sharma of ICICI Securities. Please go ahead.

<Q>: Yeah, good evening, sir. This is Prakash over here. Okay, just one - couple of question. First with regard to other income, the other income for the quarter is about INR 2 billion. What is the cash and tax free bonds which comes closer to INR 28,000 crore?

<A - **A. K. Singhal, Director of Finance**>: Tax free bond of INR 28,000 crore?

<Q>: No, cash plus tax free bonds. Cash is about INR 19,800 at the end of the quarter and tax free bond is closer to INR 9,000 crore.

<A - **A. K. Singhal, Director of Finance**>: Yeah.

<Q>: So, I'd like to know what is the yield we are generating on the cash because we know the number for tax free bonds.

<A - **A. K. Singhal, Director of Finance**>: For the - for the quarter, yield has gone up to 7.21%, sorry it is 7.21%. <Q>: Okay and is there any adjustment in the other income that we are missing out?

<A - **A. K. Singhal, Director of Finance**>: There is no other adjustment in the other income. <Q>: So, if you work out on nine months?

<A - **A. K. Singhal, Director of Finance**>: If you - if you compare it from the corresponding period, our other income which we have shown is INR 779 crore, part of the income, if you look at the results which we have declared, the other operating income we have shown as INR 467.32 crore.

<Q>: Right.

<A - **A. K. Singhal, Director of Finance**>: INR 525.47 crore, the bond income we classify under other operating income.

<Q>: Okay, okay so the bond income is classified under the other operative incomes.

<A - **A. K. Singhal, Director of Finance**>: Other operative income; that is why you will find that there is a difference between the two.

<Q>: Okay.

<A - **A. K. Singhal, Director of Finance**>: This includes - this INR 200 crore is only the income received... <Q>: On cash?

<A - **A. K. Singhal, Director of Finance**>: Bank deposit is INR 467.32 crore and other income is primarily on account of tax free bond and dividend.

<Q>: Okay.

<A - **A. K. Singhal, Director of Finance**>: This 467 is where other operating income, the interest on surplus cash is in INR 467.32

crore.

<Q>: So basically one has to look at other income on cash plus this bonds, would mean other incomes plus other operating incomes.

<A - A. K. Singhal, Director of Finance>: Yes, both put together. <Q>: Okay sir, that was.

<A - A. K. Singhal, Director of Finance>: The total income will be INR 669.41 crore versus INR 779.13 crore.

<Q>: So that answers my first question. The second question which I had is what is the reason for higher back-out by states for even coal-based plant during the quarter, any specific reason?

<A - A. K. Singhal, Director of Finance>: I think Mr. I. J. Kapoor is here, our Director Commercial. He would be able to give the answer.

<A - I. J. Kapoor>: I think probably what - what happens is whenever they take the schedule, they take the frequency; frequency if it is hovering around 49.9, the rate which they have to pay is INR 2.30 paise or INR 2.40 paise and the cost to this coal-based labor we are having, what they have done mostly, it was more than INR 2.60 paise, the tariff was there. So I think why don't you take a call yourself MAT variable cost, so that is how the rate goes off but frequency during the last three months it has been hovering around 49.9, 50.05 or 50.07.

<A - N. N. Misra>: I'd - I'd just supplement it. There is one more factor that most of the SEB has started growing forward to the extent of their financial capability also. So, that has also resulted in - whenever they found that they are not capable of making payment for the power, they have resorted to the blackouts. This is also one of the reasons in addition to what Kapoor Sahib has explained.

<Q>: Okay. Sir, last question which I had is, in this quarter did we have any kind of benefit on account of increased fixed charges approved by CRP pertaining to prior period or this period?

<A - A. K. Singhal, Director of Finance>: Yes, that we've already told that... <Q>: That INR 157 crore is there?

<A - A. K. Singhal, Director of Finance>: Yes, that - that we have already - I have given you in the adjusted profit, which I have told you.

<Q>: Thanks a lot sir. That's all from my side.

Operator

Thank you, Mr. Sharma. Our next question is from the line of Rajesh Panjwani from CLSA. Please go ahead. <Q - Rajesh Panjwani>: Good evening, sir.

<A - A. K. Singhal, Director of Finance>: Good evening, Rajesh.

<Q - Rajesh Panjwani>: Sir, my first question is on backing down by the state, now we haven't still have had the majority of the capacity which we are going to add this year and next year come on stream yet. So this is a question more from the industry point of view because you - if you make your plants available, you recover your fixed costs and returns, but from a industry as a whole, I've seen majority of the capacity has not yet come on stream and already we have seen the PLFs going down and states backing. With so much of more capacity coming on stream remaining of this year, FY '12, FY '13, don't you see the situation is going to worsen from these levels?

<A - A. K. Singhal, Director of Finance>: Rajesh, you are - we are working in the industry or industry expert and if if from the economics - simple economics point of view when we look at - the country is looking to grow at a GDP of 8.5% to 9% per annum. And we do not know at what point of time the demand will come up because look at the villages, which are getting electrified. Real assessment of electricity demand has not come. And there is a process of integrating the northern grid and the southern grid. Once that happens the integration, one single grid becomes there may be a flow of power from - and there is still lot of - if you look at the consumption per person in India which is the lowest. So looking into all these factors, we are not worried on that account. Yes, it's a matter of concern, but simultaneously look at it, it is giving a signal to the consumer also that unless you pay the economic price of the electricity, we are not going to supply you the power.

So you start making payment from that perspective. I think it is a good sign where by the financial health of the SEB will also improve. It will not affect the financial health of the generator who are generating, who are setting up big capacity.

I think if Director Commercial, if you have...

<A - **I. J. Kapoor**>: I would like to add something to supplement it. We watch one single grid, yes that is one part of the thing. Second is as said by Mr. Singhal electrification going on and electric load coming up. The third thing is while

having discussions with the states and all that, states are also today - they know for certain they have to grow, they have to then, they have to have electricity and if they have to have electricity, they have to pay for it. And the times when we had signed PPAs and all we have seen the lesson there and I have another point is, one single grid which we have. Besides that also, what is required is the interstate transfer capability. The interstate transfer capability is now being augmented by the different players and mainly by the CTU and that would definitely enhance the consumption pattern there and that is going to take another one or two years, I think, probably what they have told Power Grid, there is 15,000, 16,000 they will enhance the interstate capability within the next 3 to 4 years. So that is also going to add on for the consumption to rise.

<Q - **Rajesh Panjwani**>: Mr. Kapoor, can you tell us region-wise, which regions or which particular states are backing down more?

<A - **I.J. Kapoor**>: The backing down, if you really want to have state-wise there, but it is we have now backing down by UP and we have the backing down by the eastern states.

<A - **A. K. Singhal, Director of Finance**>: That - that part we can discuss Rajesh separately and independently. It's detailed - there may be one state backing down at one point of time, others going more far. So, it depends on their seasonality and their requirements. India is a - suppose there is a festival in that state they might not back down during that period, they will draw the power; so it is very, very difficult, but yes there is a backing down.

<Q - **Rajesh Panjwani**>: Okay. Sir, second question is what - do you still maintain your FY '12 capacity addition target?

<A - **A. K. Singhal, Director of Finance**>: FY '12 means, capacity yes we still maintain 5,000 plus megawatt. Now, we are - after doing 3,150 megawatt in the current year as against 4,150, which we said now we have reduced it to 3,150. Jhajjar I Unit and Simhadri I Unit, we may not be able to commission before 31st March.

<Q - **Rajesh Panjwani**>: Okay. So does it mean that the next year's capacity target goes up by that much or?

<A - **A. K. Singhal, Director of Finance**>: Hopefully we'll discuss in the - when we do it, first quarter of June. We'll have a fair idea and then at that stage, we'll discuss those numbers.

<Q - **Rajesh Panjwani**>: Okay. So on the mining side, you mentioned that the mine is a three year ramp up. So will we - should we expect a 15 million ton production by FY '16?

<A - **A. K. Singhal, Director of Finance**>: That is our target.

<Q - **Rajesh Panjwani**>: Okay and what is the status of Chatti-Bariatu and Kerandari.

<A - **A. K. Singhal, Director of Finance**>: The progress is going on, MoEF clearance, various clearances, I can give, those details are there with me. If I start giving all the mines, it will take little longer time, but we can have, separately discuss and work it out.

<Q - **Rajesh Panjwani**>: Okay, in terms of getting the investment approval for those mines. Like what kind of size.

<A - **A. K. Singhal, Director of Finance**>: Investment approval does not take much of the time provided we have all the clearances so far as environment is concerned. Then we'll be able to. Like Chatti-Bariatu mining plan was approved on 27th June, 2008. MoEF has accorded environment clearance on 19th April, 2010. Forest clearance is on the - at the moment forest clearance is given to us, we're going for the investment approval and appointment of MDO is under tendering, RFP document issued to qualified bidder from 9,710 bids opened on 25th August, '10. Five responses received and are under evaluation.

<Q - **Rajesh Panjwani**>: Okay. You see, my last question is on the. <A - **A. K. Singhal, Director of Finance**>: Same is the position for Kerandari also.

<Q - **Rajesh Panjwani**>: Okay. Well, last question is on the hydro project Loharinag Pala government has asked you to stop work and you expect reimbursement. I was wondering like is there any precedent of such reimbursement

happening and why, what is the reason you are expecting reimbursement from the government.

<A - **A. K. Singhal, Director of Finance**>: Was there any precedent of securitization of old outstanding overdues? That was done in 2001. It was not INR 1, INR 2, it is the decision, and it is the central government and under the chairmanship of Prime Minister, committee has taken a decision. It is recorded in the MNX that NTPC will be compensated for this.

<Q - **Rajesh Panjwani**>: Securitization was a specific issue where you actually, the SEBs owed you that money and they had to pay you some way or the other. Here it's a project which was done by one company. It was stopped. I am just wondering is there?

<A - **A. K. Singhal, Director of Finance**>: I do not want to because it's a political matter. We would not like to talk on this issue. We'll say that we are confident and we have been assured by the no other than the honorable, from the office of the prime minister's office that this money will be paid to NTPC.

<Q - **Rajesh Panjwani**>: Okay, fine. Thanks that is helpful. Thanks.

Operator

Thank you Mr. Panjwani. Our next question is from the line of Sumit Kishore of JP Morgan. Please go ahead.

<Q - **Sumit Kishore**>: Good evening sir, I have a couple of questions. One is a follow-up on the calculation of ROE using MAT rate for grossing up. In your initial commentary you said that the reduction of fixed charges due to use of MAT rate in December quarter was INR 251 crores and for the 9 months it was INR 723 crores, if I heard you rightly.

<A - **A. K. Singhal, Director of Finance**>: Yeah, it was right.

<Q - **Sumit Kishore**>: Sir, so should we infer that, this is the extent by which your - this would have flown directly to profits?

<A - **A. K. Singhal, Director of Finance**>: Very well.

<Q - **Sumit Kishore**>: Okay. The second question I have is, you said that 54 MMSCMD of gas has been applied for by NTPC for 9 gas based power plants up to 10,650 megawatts. Given the outlook of production ramp up by RIL and otherwise how do you view this fructifying over the next three, four years?

<A - **A. K. Singhal, Director of Finance**>: We - we have given our wish list to the Ministry of Power and let us see how much wish list is met.

<Q - **Sumit Kishore**>: Okay, but in your view, I mean do you think that given the availability demand-supply scenario, do you see this - what kind of capacity do you expect for the country as a whole for power sector?

<A - **A. K. Singhal, Director of Finance**>: On gas based?

<Q - **Sumit Kishore**>: Yes.

<A - **A. K. Singhal, Director of Finance**>: Again - again it depends on the availability of gas from KG because you have gas coming from the field of ONGC or gas coming from the field of GPCS Gujarat Petroleum GSCC, so we do not know at what time, at least we have registered our wish list before with the Ministry of Power. And let us see as they give - we don't have to go in for acquisition of land. Land is available, water commitment is available for that this much capacity.

We don't have to go in - we're ready in all respects. We have even MoEF clearance available for our existing station for adding this capacity, Kawas, Gandhar, Anta, Auraiya, Faridabad, Dadri.

<Q - **Sumit Kishore**>: Where land is already in place.

<A - **A. K. Singhal, Director of Finance**>: Land is in place, site leveling is all which is ready. The moment we - we contact to the supplier of the gas turbine and steam turbine, the construction work can start. <Q - **Sumit Kishore**>: Okay. Thank you. Thank you so much.

Operator

Thank you, Mr. Kishore. Our next question is from the line of Venkatesh B. of Citigroup. Please go ahead. <Q - **Venkatesh Balasubramaniam**>: Good evening, sir.

<A - A. K. Singhal, Director of Finance>: Good evening.

<Q - Venkatesh Balasubramaniam>: Sir, Coal India's production in this year has not been good. They have also cut their targets for FY '11 and FY '12. How do you expect - I mean is this affecting you already and how do you expect the whole scenario to pan out and finally can you explain the nature of fuel supply agreements you have with Coal India?

<A - A. K. Singhal, Director of Finance>: Do you see from our availability figures, which I have given you that NTPC has suffered on that account.

<Q - Venkatesh Balasubramaniam>: No, sir.

<A - A. K. Singhal, Director of Finance>: Then, therefore wherever there is a gap between the supply, we have - we are switching to the imported coal. And so far as the fuel agreement with Coal India is concerned, up to 90% of the plant load factor they have to supply. In case if they do not supply up to 90% of plant load factor, it will be based on if you are supplying less than 80%, there is a penalty leviable on them and which goes up to 40% and we have to give them incentive for supply beyond 100%, 40% incentive. So that kind of an agreement which we have done for supply of 113 million ton of coal by Coal India Limited.

<Q - Venkatesh Balasubramaniam>: Sir, these are the existing - for the existing coal based. For the future power plants, which are coming up over the next five to six years, do you have a similar FSA with a 90% trigger?

<A - A. K. Singhal, Director of Finance>: We don't have - we may not have a similar FSA with 90%, maybe we may have a FSA for 70% to 80% plant load sector. Rest of it - but still the government, I tell you the Ministry of Coal, Ministry of Power is conscious on the fact that domestic coal ultimately will remain the strategic source for generating the power on sustained basis.

<Q - Venkatesh Balasubramaniam>: Okay. Sir, what would be your total requirement this year for coal in FY '11 and how much of that will come from imported coal and a similar figure for FY '12, that could be very helpful?

<A - A. K. Singhal, Director of Finance>: I have given in my opening remarks that next year the plan would be somewhere around 16 million ton to 20 million ton, which will be equivalent to - if you take it, it will be about 30 million ton, 30, 32 million ton of domestic coal. So our current year's requirement was about 140 million ton, 156. So next year will be about 170 or 180 million ton of coal with the entire capacity getting commissioned.

<Q - Venkatesh Balasubramaniam>: Okay, okay. Sir, my second question is on UI's prices, now these prices have come down to almost INR 2 per kilowatt/hour. I assume a certain portion of the power which you sell is in the UI market. So now is this affecting your number? Then, if so how is it affecting and what - what do you think would be a remedial action?

<A - A. K. Singhal, Director of Finance>: See, this is not affecting our number, UI so for us, it may be on - one side it may be minus, other side it will be plus. So we're not affected. UI, we don't use it for the purpose of making profits. UI definitely contributes, it adds to our profitability. But we use it, not that we are always looking at that we must earn and make profit with UI.

<Q - Venkatesh Balasubramaniam>: Sir, the next question is on the merchant plants which you have. I mean, I guess Korba III has already got commissioned, right sir?

<A - A. K. Singhal, Director of Finance>: Yeah, we'll be declaring it. We were just discussing within and we will take in next one or two days.

<Q - Venkatesh Balasubramaniam>: Okay.

<A - A. K. Singhal, Director of Finance>: Which day we are going to declare it commercial, very soon you'll hear that Korba is declared as commissioned.

<Q - Venkatesh Balasubramaniam>: And Farakka will also come up this year, sir?

<A - A. K. Singhal, Director of Finance>: Farakka commissioning will happen this year, but commercial it will happen next year.

<Q - Venkatesh Balasubramaniam>: Okay. Now, how much percent - this is like 500 megawatts and 500 megawatts. Immediately entire 1000 megawatts will be sold merchant or maybe 65%?

<A - A. K. Singhal, Director of Finance>: No, 15% to each on these, 75 megawatt each will be sold on merchant basis.

<Q - Venkatesh Balasubramaniam>: Okay - okay. Sir, any views on the merchant prices in India. Now, they've started coming off and a lots these private activities have started crying about it, but they are still saying that it will remain above - it will remain in the INR 4 to INR 4.50 band. But isn't it possible that given that there has been backing down by State Electricity Boards?

<A - A. K. Singhal, Director of Finance>: I do not - I would suggest not to be recorded. You can go and talk to our ex-CMD. He will give a view to such things.

<Q - Venkatesh Balasubramaniam>: Okay sir. The next question is on this SEB financials. Do you have a feeling that they have deteriorated over the last 12 months sir?

<A - A. K. Singhal, Director of Finance>: The financials of SEB? **<Q - Venkatesh Balasubramaniam>:** Yes, sir.

<A - A. K. Singhal, Director of Finance>: That is why I said that most of the SEBs are drawing power to the extent they have the financial muscle to pay.

<Q - Venkatesh Balasubramaniam>: Okay.

<A - A. K. Singhal, Director of Finance>: So, therefore, they are - they are watching their own financial resources and power is the one thing without which nobody can live.

<Q - Venkatesh Balasubramaniam>: Okay. Sir, you've recently given this contract for the MDO operation to Leighton. Now, can you explain...

<A - A. K. Singhal, Director of Finance>: Not Venkat, not Leighton.

<Q - Venkatesh Balasubramaniam>: Okay, okay. Sir, can you explain the nature of the contract? I mean at price will you get the coal? And will you get some ROEs out of it? Or is it like you know, - you will pass it on to the - to the NTPC power plant to add cost? Whatever you get it from this?

<A - A. K. Singhal, Director of Finance>: It will be done at a class of price, which will be decided at that point of time and I said that in my opening remarks itself, but if you remember that we are moving towards the next area of having profit to us. You will be glad to know that in addition to our core business of power generation, we are moving closer to supplementing our earnings from our coal assets. That I said.

<Q - Venkatesh Balasubramaniam>: Sir, my last and final question. Now, this 11x 660 bulk tender, the turbine tenders are divided between three people. The boiler will be divided between two people. Now, have you decided this 9x800 megawatt tender, how it will be divided among the suppliers?

<A - A. K. Singhal, Director of Finance>: It will be on the same - similar pattern. **<Q - Venkatesh Balasubramaniam>:** Okay. Thank you very much sir and all the very best. **<A - A. K. Singhal, Director of Finance>:** Thank you.

Operator

Thank you, Venkatesh. Our next question is from the line of Amit Golcha of EmKay Global. Please go ahead.

<Q - Amit Golcha>: Yeah, good evening. Sir, first, I just missed these figure of PPA which you've signed already, could you just?

<A - N. N. Misra>: No, no, no, I will just see. 100,000 megawatt capacity we have signed PPA. **<Q - Amit Golcha>:** Okay.

<A - N. N. Misra>: And number of PPA which we have signed is, I believe the number is 191. **<Q - Amit Golcha>:** Okay. There was some figure of 47,000 megawatt also, what is it actually?

<A - N. N. Misra>: That is new PPA. 191 PPA for over 47,000 megawatt have been signed. Today, we have 33,000 megawatt, you add 47,000 it will make 100,000 megawatt.

<Q - Amit Golcha>: Okay, 33 plus 47 would be about 80,000 megawatt. **<A - A. K. Singhal, Director of Finance>:** Yeah. And that 15,000 under construction already. **<Q - Amit Golcha>:** Okay. Okay, so basically apart from under construction projects, you are trying to?

<A - N. N. Misra>: 15,194, and 15,740; 7,111 and the bidding plus if you take it 47,000, so it is what it is - is I think 7,000 is also part

of 47,000.

<Q - **Amit Golcha**>: Okay, okay.

<A - **N. N. Misra**>: So the added will be 400 megawatt

<Q - **Amit Golcha**>: Okay, understood okay. Secondly sir, in the notes to accounts in this quarter, it is mentioned that about INR 322 crores has been included in sales as tax recoverable from customers.

<A - **A. K. Singhal, Director of Finance**>: Yeah

<Q - **Amit Golcha**>: Now is it related to previous years?

<A - **A. K. Singhal, Director of Finance**>: Yes, it is related to the previous year. <Q - **Amit Golcha**>: Okay, so is that - the amount has been also included in the tax expense? <A - **A. K. Singhal, Director of Finance**>: Yes, it is included in the tax expense. <Q - **Amit Golcha**>: So net-net no impact on the profit?

<A - **A. K. Singhal, Director of Finance**>: No impact on the profit.

<Q - **Amit Golcha**>: Okay. And last question is, the SEB's regulations, when and how these are actually passed on to consumers?

<A - **N. N. Misra**>: It is on based on the normative loans, it is passed onto the consumers. <Q - **Amit Golcha**>: But only in the same quarter itself?

<A - **N. N. Misra**>: In the same quarter itself. <Q - **Amit Golcha**>: Okay.

<A - **N. N. Misra**>: Passed immediately on to the customer.

<Q - **Amit Golcha**>: So about INR 35 crores of SERE which we had in this quarter, was that also included in these revenues?

<A - **N. N. Misra**>: Yes, it is included in the revenue and then created a reserve it has to - gone to the deferred reserve account.

<Q - **Amit Golcha**>: Okay. Fair enough, sir. Thank you very much.

Operator

Thank you, Mr. Golcha. Our next question is from the line of Sumeet Agarwal of MetLife. Please go ahead.

<Q - **Sumeet Agarwal**>: Yes sir, hi. Sir, I just wanted to understand what's the arrangement regarding the MDO that you have given to the Leighton?

<A - **A. K. Singhal, Director of Finance**>: We have given MDO to Thiess, not to Leighton. <Q - **Sumeet Agarwal**>: Sorry, Thiess, sorry- sorry. What's the...?

<A - **A. K. Singhal, Director of Finance**>: He will produce the coal and deliver the coal to us that have rakes.

<Q - **Sumeet Agarwal**>: And what would be the payment - related to the payment, would it be based on per ton of coal or is it...?

<A - **A. K. Singhal, Director of Finance**>: The payment will be based on per ton of coal loaded on to our rakes.

<Q - **Sumeet Agarwal**>: Okay, loaded on to. And also what's the - is there any clarity in terms of the transfer pricing of the coal?

<A - **A. K. Singhal, Director of Finance**>: At present, there is no, but we feel that there will be a transfer price. <Q - **Sumeet Agarwal**>: Okay. Again, it would be based on some ROEs that you are...?

<A - **A. K. Singhal, Director of Finance**>: We've - as we have been saying that it will not be less than 16, less than the return on equity allowed by the CRC.

<Q - **Sumeet Agarwal**>: Okay.

<A - **A. K. Singhal, Director of Finance**>: On the investment which we make, plus it has to be based on like 80% availability. The ROE available to the Coal India, it is at 85% of the mine capacity.

<Q - **Sumeet Agarwal**>: Okay. Any - any timeline that we can look at in terms of when the transfer pricing can be finalized?

<A - **A. K. Singhal, Director of Finance**>: It will be once on our products - we start producing coal. At that stage, we'll go back to CRC and file our petition.

<Q - **Sumeet Agarwal**>: Okay. It could go only as late as when the production starts from there. <A - **A. K. Singhal, Director of Finance**>: It's 12 - 12-13.

<Q - **Sumeet Agarwal**>: 12-13 only. So nothing in the interim, that you would get any clarity on those things. <A - **A. K. Singhal, Director of Finance**>: We have the clarity, final clarity

<Q - **Sumeet Agarwal**>: As a final clarity from the CRC. <A - **A. K. Singhal, Director of Finance**>: Yes, yes.

<Q - **Sumeet Agarwal**>: You have the clarity what I admit the regulator has to give the final go ahead. <A - **A. K. Singhal, Director of Finance**>: Yes, yes.

<Q - **Sumeet Agarwal**>: Okay that's all from my side. Thanks a lot, sir.

Operator

Thank you Mr. Agarwal. Our next question is from the line Sachin Trivedi of UTI Mutual Fund, please go ahead. <Q - **Sachin Trivedi**>: Hello.

<A>: Hello.

<Q - **Sachin Trivedi**>: Hi sir, sir one question regarding grossing up of the tax at the full 33.9% that we have also accounted in FY '10. Has that been approved by regulator in any of our ARR in past?

<A - **A. K. Singhal, Director of Finance**>: Why shouldn't it be - or what is - it is given in the regulation itself. <Q - **Sachin Trivedi**>: No, no sir, I'm saying...

<A - **A. K. Singhal, Director of Finance**>: Question of approving doesn't arise, once then it is in the regulation and I'm in the normal tax rate regime, I will get normal tax rate grossing up.

<Q - **Sachin Trivedi**>: Okay, Okay. So that is the way we have accounted for, just trying to check whether the regulator has also approved, I understand it but ...

<A - **A. K. Singhal, Director of Finance**>: The regulator has not issued the tariff order so far. <Q - **Sachin Trivedi**>: Okay, Okay. Sir the second question ...

<A - **A. K. Singhal, Director of Finance**>: But, we have filed our tariff petition along with the normal tax rate. <Q - **Sachin Trivedi**>: Okay, okay and how soon that should be, we'll be getting that? <A - **A. K. Singhal, Director of Finance**>: We expect that next year onwards we'll start getting some order.

<Q - **Sachin Trivedi**>: Okay, next financial year. Okay. Sir the second question regarding 11X660, have I heard it right that for SG we have received four bids?

<A - **A. K. Singhal, Director of Finance**>: SG, yes we have received four tenders - four parties have submitted the bids.

<Q - **Sachin Trivedi**>: For the price?

<A - **A. K. Singhal, Director of Finance**>: Price bid we have not yet received it. Techno commercially, we have found them suitable.

<Q - **Sachin Trivedi**>: So even the Ansaldo has been found suitable. Is it right?

<A - **A. K. Singhal, Director of Finance**>: It would not be appropriate to talk that. Ansaldo is not there in that.

<Q - Sachin Trivedi>: Is it possible to get the four then, BHEL, L&T? <A - A. K. Singhal, Director of Finance>: Yes.

<Q - Sachin Trivedi>: BGR, and which is the fourth one? <A - A. K. Singhal, Director of Finance>: Yes, the fourth one is JSW.

<Q - Sachin Trivedi>: For the SG.

<A - A. K. Singhal, Director of Finance>: Yes. <Q - Sachin Trivedi>: Okay, sir. Thanks.

Operator

Thank you, Mr. Trivedi. Our next question is from the line of Anirudh Gangahar of Nomura. Please go ahead. <Q - Anirudh Gangahar>: Yeah, thank you for your opportunity, sir. Good evening. <A - A. K. Singhal, Director of Finance>: Good evening.

<Q - Anirudh Gangahar>: Sir, two quick questions. One is, just to clarify, once in case you do gross up the ROE with the corporate tax within the fourth quarter that will be applicable for the full year?

<A - A. K. Singhal, Director of Finance>: Yes, it will be for full year.

<Q - Anirudh Gangahar>: So the second question would be, sir you just mentioned 5000 megawatts of capacity that may be commissioned next year tentatively. Anything - any indication that how much of that can be commercial? Can be declared commercial? Would that be...?

<A - A. K. Singhal, Director of Finance>: That -that is what I told that we will discuss in the first quarter of next financial year.

<Q - Anirudh Gangahar>: Okay. Sir...?

<A - A. K. Singhal, Director of Finance>: Plus the results of the first quarter.

<Q - Anirudh Gangahar>: Okay and sir anything - there has been a lot of news about the gas supplies slowing down in the third quarter. Could you, sir, let us know what the numbers of gas supply was in the third quarter?

<A - A. K. Singhal, Director of Finance>: I think that supply has not been reduced in the third quarter. <Q - Anirudh Gangahar>: Okay, there is no reduction?

<A - A. K. Singhal, Director of Finance>: I have given those numbers that what we have received the gas supply. <Q - Anirudh Gangahar>: Yes, that was for the nine months period sir, I just want to check if third quarter has... ? <A - A. K. Singhal, Director of Finance>: No there is no slow down in three months period.

<Q - Anirudh Gangahar>: And sir, finally sir is there - what was the extent of improvement in Talcher and Farakka coal supplies? You are hoping that additional two days we will be getting?

<A - A. K. Singhal, Director of Finance>: I will tell you, Farakka we have already reached - our availability has reached. So there will not be any disincentive.

<Q - Anirudh Gangahar>: Okay.

<A - A. K. Singhal, Director of Finance>: And now we are trying to reach at that level.

<Q - Anirudh Gangahar>: Okay sir. Thank you very much for the clarification, sir. Thank you.

Operator

Thank you. Our next question is from the line of Parag Gupta of Morgan Stanley. Please go ahead. <Q - Parag Gupta>: Hi, this is for Mr. Singhal.

<A - A.K. Singhal>: Yeah.

<Q - Parag Gupta>: Two question. Firstly, given that you've signed up PPAs and you are getting about 100 gigawatts of capacity and given that their hands are now full, I think NTPC will be progressively bidding projects going forward?

<A - **A.K. Singhal**>: We will definitely be participating in the competitive bidding. But the word aggressively or competitively, there is a difference. So, we will be competitive in bidding. We will not be aggressive, we'll be competitive.

<Q - **Parag Gupta**>: That's the reason why I have transferred that word. And, secondly, you've recently signed government agreement with Nuclear Power Corporation. Could you just give us a sense of what is the strategy on nuclear end, and when do we start seeing NTPC working on these projects going forward?

<A - **A.K. Singhal**>: That is one of the joint venture, company has been formed, project sites have been identified, and now we will be one, first will be based on the indigenous technology, two units of 700 megawatt each will be set-up for the joint venture company and very soon the work will start on that.

<Q - **Parag Gupta**>: Okay. Thank you.

Operator

Thank you Mr. Gupta. Our next question is from the line of Harshad Shukla of KR Choksey. Please go ahead. <Q - **Harshad Shukla**>: Good evening, sir.

<A - **A.K. Singhal**>: Good evening.

<Q - **Harshad Shukla**>: Sir, just wanted to know, is there any issues that we are having with our Nabinagar plant, the issues I think with land acquisition and all?

<A - **A.K. Singhal**>: Yeah. There are issues which we are trying to sort out. Nabinagar joint venture with Bihar State Electricity Board.

<Q - **Harshad Shukla**>: Yes, sir. And, what would be the tentative date, if you could give us some idea on that tentative date of commissioning for that?

<A - **A.K. Singhal**>: It is - we planned to commission it during the 12 plan period. And three of the units, which have been already tendered and while tendering part of 3 units of 660 megawatts, it's part of the 11 units of 660 megawatts.

<Q - **Harshad Shukla**>: Okay, sir one more thing that, on the undersigning side, the PPAs that we signed, are they based on take-or-pay basis or how they are...

<A - **A.K. Singhal**>: It's on cost plus basis, like normal, regulator will fix the tariff and it will be availability based tariff based on which our existing capacity is being sold.

<Q - **Harshad Shukla**>: No sir, not on the pricing side, but on the volume side?

<A - **A.K. Singhal**>: Volume side is availability I am talking about. I have to - it is my responsibility to make plant available minimum at 85%, otherwise my fixed charges will not get recovered.

<Q - **Harshad Shukla**>: Okay, and sir is it like the case of plant availability factor improves and then would that extra excess generation that we made, will it be taken by the same SEBs or we are free to sell it on?

<A - **A.K. Singhal**>: It will be taken by the same SEBs.

<A - **N. N. Misra**>: We give off - we declare the capability, our capacity, they schedule it. It is in the same form, and what they schedule it, we can generate there.

<Q - **Harshad Shukla**>: Okay, okay. Thank you sir, that's all from my side. Thank you for the time.

Operator

Thank you Mr. Shukla. Our next question is from the line of Subhadip Mitra of Eidelweiss Securities. Please go ahead.

<Q - **Subhadip Mitra**>: Thanks a lot again, thanks for taking our question. Broadly most of them have been answered, there will one thing, how much is the equity that you are planning to spend in the coal mining business?

<A - **A.K. Singhal**>: Our equity spending in the coal mining business will be roughly if I say, per coal mine will be around INR 4000 crore.

<Q - **Subhadip Mitra**>: If you have to break it up in to the one which has been signed for the one which is currently via the MDO and the breakup between and the future ones, how much will it be?

<A - **A.K. Singhal**>: Current year, I've given you the number INR 3,296 crore is the capital cost of the investment approval which has been accorded by the Board for the - for the Pakri Barwadih.

<Q - **Subhadip Mitra**>: And that INR 3,200 crores will be...? <A - **A.K. Singhal**>: INR 3,193.86 crore is the CapEx, which has been approved. <Q - **Subhadip Mitra**>: So that will once again be in 70-30?

<A - **A.K. Singhal**>: Yeah, 70-30.

<Q - **Subhadip Mitra**>: Okay. That's all, sir. Thank you.

Operator

Thank you Mr. Mitra. Our next question is for the line of Harish Bihani of Indiabulls Securities. Please go ahead.

<Q - **Harish Bihani**>: Yes sir, thank you for taking my question. Again, the question pertains to grossing up at the MAT rate, assuming that we gross up on the MAT rate in FY11, the impact on earnings is about INR 1,000 crores, but we also save on incentives and other income because we are paying on that. So what is that saving number, sir?

<A - **A.K. Singhal**>: We save in incentive, we lose in incentive also.

<Q - **Harish Bihani**>: The tax part - the tax part on incentives and other income?

<A - **A.K. Singhal**>: That will be some 33 - if suppose if it is our average tax rate is, say at 22%, if it is at 18%, that 4% to 5% savings will be there.

<Q - **Harish Bihani**>: Can you quantify that number, sir?

<A - **A.K. Singhal**>: That we have not quantified so far. It is difficult at this stage to give those numbers.

<Q - **Harish Bihani**>: Okay, my second question pertains to this 47,000 megawatt PPA that you've signed, most of this will be ordered out in terms of equipment will be ordered out over the next few years. So, just wondered some broad

timeline on when this would be ordered out?

<A - **A.K. Singhal**>: See we - we plan to become 75 plus gigawatt by 2017. We've to ensure that already 33,194 is what we've commissioned, 15,740 is under construction that takes us to 50. So balance, capacity we have to order to ensure that will become 75, plus there will be some units, which will be for the 13 plant startup, which will be happening. So, we are moving forward with that intention to complete it.

And even if we have to go beyond that, if you are able to get four things, we have the PPA in place. We need land. We need water availability. We need MOEF clearance, and we need coal in place. If these four things besides - besides the PPA, which we have signed is available, we'll go ahead for any capacities, even if we may have to come back to the market for raising the resources, we'll do the same.

<Q - **Harish Bihani**>: Okay. And last clarification once again on the coal mining - coal mining. About 1000 crore is what we're investing in Pakri Barwadih, of that we will be receiving 16% ROE, whenever the mine becomes operational?

<A - **A.K. Singhal**>: Yes.

<Q - **Harish Bihani**>: Okay. Thank you for answering my question. <A - **A.K. Singhal**>: That is - that is post site.

<Q - **Harish Bihani**>: Post site ROE. Okay sir, fair enough. Thank you so much.

Operator

Thank you Mr. Bihani. Our next question is from the line of Abhishek Anand of JM Financial. Please go ahead. <Q - **Abhishek Puri**>: Yes sir. Good evening. This is Abhishek Puri.

<A - **A.K. Singhal**>: Good evening.

<Q - **Abhishek Puri**>: Sir, just a couple of queries regarding the incentives. Since we had a back down of generation and we lost about 10 billion units. Could you quantify what would be the amount of incentive we would have missed out, otherwise - and our results could have been higher better much that amount?

<A - **A.K. Singhal**>: The incentive - incentive is based on availability. Incentive is not at all based on generation. What - what we would have lost is the marginal contribution.

<Q - **Abhishek Puri**>: Marginal contribution in the sense?

<A - **A.K. Singhal**>: Marginal contribution is our efficiency parameter, because we operate, we generate one unit of 1 kilowatt/hour of power in the heat value, which is allowed by the CRC and we generate in a much lower heat value to the similar kind of, of which we could create higher heat value within the same coal properties for which the cost is allowed to be reimbursed.

<Q - **Abhishek Puri**>: And if there is a general back down, do the O&M or startup cost comes in higher? That do we have to restart with say oil again or...

<A - **A.K. Singhal**>: There may be little bit but not that much; in the coal session it doesn't happen.

<Q - **Abhishek Puri**>: Okay. So, largely despite reduction in PLF, there would not be much of an impact on our earnings going forward also?

<A - **A.K. Singhal**>: Hopefully. <Q - **Abhishek Puri**>: Okay, fair enough.

<A - **A.K. Singhal**>: Other than that, if there are normal increase in VAT etcetera, which is beyond our control.

<Q - **Abhishek Puri**>: Okay, that's fine. And I was just trying to gauge from the operational point of view. Secondly regarding FSA, you said future projects could be at 70% to 80% DLF, could you give us specific data points regarding the projects which are getting commissioned over the fourth quarter and for FY12? Whether you have signed FSAs and what are the kind of guaranteed supplies by the Coal India or by the other entities?

<A - **A.K. Singhal**>: We'll be signing the FSA and come back to you. <Q - **Abhishek Puri**>: As of now it's not done?

<A - **A.K. Singhal**>: We have the full details available, but FSA will sign when the projects gets commissioned. We cannot sign FSA beforehand.

<Q - **Abhishek Puri**>: Okay, for the projects which have been already commissioned like Korba, would the FSA had been signed there?

<A - **A.K. Singhal**>: It is, FSA has been signed for that. <Q - **Abhishek Puri**>: And the trigger level at that...

<A - **A.K. Singhal**>: I think Korba, Korba is the one station where coal is not a problem. With the Sipat station, the problem of coal will not be there. And even if it is there we can send in imported coal and supplement some of the domestic coal will be imported coal.

<Q - **Abhishek Puri**>: Okay, fair enough. Just thirdly regarding one more clarification. To declare availability we have to have coal at our generating station? You know even though there is a back down by some of the states?

<A - **A.K. Singhal**>: Yes sir.

<Q - **Abhishek Puri**>: Okay. Fair enough. Thank you so much and all the very best sir. <A - **A.K. Singhal**>: Thank you.

Operator

Thank you, Mr. Anand. Our next question is from the line of Pankaj Sharma of UBS Securities. Please go ahead. <Q - **Pankaj Sharma**>: Yeah, good evening sir.

<A>: Good evening.

<Q - Pankaj Sharma>: Just two questions, one is that do you have already signed PPAs for almost 100,000 megawatt. By when you expect this facility to get commissioned, in how many years do you think that this would be possible to achieve?

<A - A.K. Singhal>: We would like to commission it as early as possible, but part of it in '12 plan and a part it in '13 plan.

<Q - Pankaj Sharma>: Okay. So, maybe next ten years, it would be possible to achieve. And also in terms of the tariffs, since we have seen an increase of about 4% to 5% every year in terms of total tariffs. So, probably in next five years we would see a tariff level of over INR 3 and INR 3.25 in that range. Do you think that should be fine with SEB's and they would be willing to get that much for one unit of electricity?

<A - A.K. Singhal>: Although it's not a question to be asked from you, how much salary you expect after five years down the line? Do you expect that it should go up at least 20% per annum?

<Q - Pankaj Sharma>: Sir but my ...

<A - A.K. Singhal>: Listen up young man. I get really upset. We expect that we must get power at free of charges. There may be definitely those people who are producing coke, will they also get salary or not? We have to provide them just to that extent we must understand. There'll be definitely an inflation in the electricity charges and then electricity charges everybody has to watch - if I look at when I was 5 years old, I used to get a Campa Cola at INR 0.25. Now Campa Cola or Coke is available at what price, because I don't think it is INR 10. So, let us - let us not talk on a issue - you - you people as an analyst also, you have to realize the fact and tell if normal inflation has to take place and normal inflation has to be compensated.

<Q - Pankaj Sharma>: Okay, sir. Thank you.

<A - A.K. Singhal>: It's a philosophical question, answer to you - to your question. <Q - Pankaj Sharma>: Great, sir. Thanks.

Operator

Thank you, Mr. Sharma. Our next question is from the line of Darshan Dodhia of ICICI Securities. Please go ahead.

<Q - Darshan Dodhia>: Sir, couple of questions. One is when you are expecting the full availability to reach at the Kahalgaon station?

<A - A.K. Singhal>: We're making - we are already maybe in the current year '11 and '12, you'll find that we'll reach at 85% plus.

<Q - Darshan Dodhia>: And sir, there is some media report indicating that there is some trouble in your Assam, in Bongaigaon project, 750 megawatts?

<A - A.K. Singhal>: There is no problem in our Bongaigaon project, it is going as well. There are no issues. <Q - Darshan Dodhia>: So when you're expecting to commission this 750 megawatts?

<A - A.K. Singhal>: Our target is that we are planning to commission one unit in the current financial year. We are making all efforts. The boiler has been light-up - has been done and TG & AUX boxing has been done yesterday. So let us see that one unit 250 megawatt, we are planning to do it in the current year.

<Q - Darshan Dodhia>: And the next couple of units we can expect when? <A - A.K. Singhal>: Definitely before '11, '12 all the three units should be commissioned.

<Q - Darshan Dodhia>: Okay and, sir my third question, you have - you have suggested that you require 54 MMSCMD of incremental gas?

<A - A.K. Singhal>: That is for the additional capacity which we can add.

<Q - Darshan Dodhia>: Yeah. So can I have a breakup or is it possible for you to give us a breakup? I mean, from how much out of this 54 will be coming from KGDC or...?

<A - A.K. Singhal>: That we do not know. We have requested Ministry of Power to give it to us. From where they will allocate, it is-

I cannot give you those numbers.

<Q - **Darshan Dodhia**>: Okay. Thank you, sir.

Operator

Thank you, Mr. Dodhia. Our next question is from the line of Atul Tiwari of Citigroup. Please go ahead.

<Q - **Atul Tiwari**>: Yes, sir. Sir, I have a couple of follow-up questions. Sir on the PPAs, this 100 gigawatts, is it fair to - fair to assume that all the PPAs above 33 gigawatts are on the pass-through and ROE guaranteeing mechanism?

<A - **A.K. Singhal**>: Yes, yes. It is based on CRP tariff.

<Q - **Atul Tiwari**>: CRP tariff. And sir what is the breakup, 33 operational plus 15 gigawatt under construction? And what about rest 50 gigawatts, what is the fix of that roughly?

<A - **A.K. Singhal**>: Part of it is under bidding and part of it is under preparation so far.

<Q - **Atul Tiwari**>: Okay sir, okay sir, and because this 100 gigawatts covers you for almost eight, nine years. So, I mean would you have enough bandwidth and capacity to participate in competitive bids anymore because this - this 100 gigawatt is a very large number, isn't it?

<A - **N. N. Misra**>: [Foreign Language]

<Q - **Atul Tiwari**>: Okay, sir. And sir, on this 11 x 660 boiler tenders, you mentioned JSW?

<A - **A.K. Singhal**>: I will not be able to give you the name, I will give you subsequently - the fourth one who are there that we will give you separately.

<Q - **Atul Tiwari**>: Okay sir. Okay sir, and sir under this availability mine, the coal is your responsibility, right? <A - **A.K. Singhal**>: Yes, it is our responsibility.

<Q - **Atul Tiwari**>: So, hypothetically if say at one of your power plants, you do not get any coal under linkage and you import all of the coal at very high prices, say \$150 per ton. Will the plant be considered available and...?

<A - **A.K. Singhal**>: It depends on - I must have an agreement with my - with the beneficiary that power plant which I am setting up is based on the imported coal. Only then it will be - when I am setting up a power plant based on domestic coal, you will look at that it is on domestic coal.

<Q - **Atul Tiwari**>: So then sir, I mean for your expansion plan, its assuming a shortfall in supply from Coal India, even if you can import a lot of coal from outside, your buyer of the power may not agree, right? And then in that case you may not be able to earn the ROEs and costs.

<A - **A.K. Singhal**>: We have an advantage that we can plan part of our linkage because at least 80% of the coal will be available from Coal India. What we need additional is only 15% to 20% only. First of all, 100% of the coal cannot be fired in the Indian boiler. Then you have to build the boiler based on different metallurgy.

<Q - **Atul Tiwari**>: Sir, actually I was asking this because, in FY '12 according to Coal India's own estimate, they will be producing only 7 million tons of incremental coal over FY '11, which can probably fire only 1500 megawatts of capacity all over the country. So don't you think there will be a severe shortage of coal in FY '12 and onwards and maybe availability of even 70% of coal of linkage may not be possible across?

<A - **A.K. Singhal**>: This call is getting recorded. I cannot talk to you on Coal India. Come to me separately, then we will discuss separately on that.

<Q - **Atul Tiwari**>: Okay sir. Sure, sir. Thanks a lot.

Operator

Thank you, Mr. Tiwari. Our next question is from the line of Rakesh Vyas of HDFC Mutual Fund. Please go ahead. <Q - **Rakesh**

Vyas>: Yeah, hello. Good afternoon sir.

<A - A.K. Singhal>: Good afternoon.

<Q - Rakesh Vyas>: Sir, a couple of questions from my side. First just wanted to understand is there any current under recovery in the O&M largely because of higher employee cost versus what CRC currently guides?

<A - A.K. Singhal>: I would not say that there is any under recovery.

<Q - Rakesh Vyas>: There is no, okay.

<A - A.K. Singhal>: Large under recovery there may be, but there is no large under recovery.

<Q - Rakesh Vyas>: Okay. And secondly sir, the availability based fixed charged recovery is to be met on a monthly basis or annual basis this is okay. And this is specifically for Kahalgaon and Farakka?

<A - A.K. Singhal>: It is on day today basis, monthly basis.

<Q - Rakesh Vyas>: It is on monthly basis. So whatever is the last opportunity is gone.

<A - A.K. Singhal>: Ultimately it can adjusted in the annual yearly basis. Billing is done on monthly basis, but ultimately it will be annual.

<Q - Rakesh Vyas>: So, 85% needs to be met on the annual basis, is that correct to assume? To recover the fixed charge completely?

<A - A.K. Singhal>: Yes, yes, yes.

<Q - Rakesh Vyas>: Okay, great. Thank you so much, sir. That's it from my side.

Operator

Thank you, Mr. Vyas. Our next question is from the line of Amit Golcha of EmKay Global. Please go ahead. **<Q - Amit Golcha>**: Yeah, my question has been answered. Thanks a lot.

Operator

Thank you. Our next question is from the line of Kannan Narayanan of India Cements Investment. Please go ahead.

<Q>: Yes, good evening. This is Kannan Narayanan. Yeah, I had two questions. One is with nuclear power generation, there is news that NTPC is looking to go ahead with foreign technology or independent nuclear power generation, what is this going forward?

<A - A.K. Singhal>: This is the first power plant for which as per the Atomic Energy at only state enterprises can enter into nuclear business. We wanted to get into independently, but Department of Atomic Energy says that since NTPC does not have experience in handling the fuel, you should go ahead with the NPCIL. So we are at the moment going ahead with setting of first unit with NPCIL. After getting the experience, maybe we will approach government for allowing us to set up on our own the nuclear and the first unit will be based on the indigenous technology.

<Q>: Okay. So how long will you wait until you set it up? So as you soon as you set it up you will go and ask the government for further?

<A - A.K. Singhal>: Yeah. Parallely, we will go the government- approach government and ask for clearances once when we have crossed past halfway of the setting up of the plant.

<Q>: And only then you will look for international partners or is that also parallely...? **<A>**: No, we will not look for international partner; it will for the purpose of supplying the equipment. **<Q>**: Okay.

<A - A.K. Singhal>: Not for the purpose of that we will set up a joint venture with them, that will be on the NTPC balance sheet.

<Q>: Okay, okay. Okay and the other question is, will you be raising fresh capital going forward? **<A - A.K. Singhal>**: At the

moment there are no plan for raising any fresh capital into the market. <Q>: Okay.

<A - A.K. Singhal>: I don't think - but it depends on - if suppose we are able to get clearances for land, water for MOEF clearances where we have a clear vision that yes we can add capacity there and there is a shortfall in the resource availability and resources required. Maybe at that stage we will see, but at the moment, I don't foresee that for next five years we would be requiring any.

<Q>: And for this 100 gigawatts for the next eight years, you don't require, - you don't foresee, unless it is going to be passed there or anything for - if it is going to be spread over eight years?

<A - A.K. Singhal>: Yes, definitely if it is a spread over a period of ten years, we may not require. <Q>: Okay.

<A - A.K. Singhal>: And again it depends on how soon we complete the project, start generating revenues, so that all depends on all those things.

<Q>: Okay. So that clears the air on lot of things. Thank you so much, sir. <A - A.K. Singhal>: Thank you.

Operator

Thank you, Mr. Narayanan. Our next question is from the line of Rajesh Sharma of Patni. Please go ahead. <Q - Rajesh Sharma>: Good evening, sir.

<A>: Good evening.

<Q - Rajesh Sharma>: Thank you for taking my question. This is a small question regarding how much percent of sales goes to SEB?

<A - A.K. Singhal>: It is almost 100% sale goes to SEB.

<Q - Rajesh Sharma>: I mean, another question about the strategy regarding the SEB basis and other pressure. Can you just throw some strategy for the future how you are going to - on a collection basis?

<A - A.K. Singhal>: We're collecting 100% till 2017.

<Q - Rajesh Sharma>: Okay.

<A - A.K. Singhal>: 2016 we are safe under the tripartite agreement. <Q - Rajesh Sharma>: Okay.

<A - A.K. Singhal>: And for that we have send a supplementary agreement asking for an additional escrow available to us.

<Q - Rajesh Sharma>: Thank you very much.

<A - A.K. Singhal>: We have got first priority than the subsequent people who have signed PPA with them. <Q - Rajesh Sharma>: Okay. Thank you very much.

Operator

Mr. Sharma, do you have any further questions?

<Q - Rajesh Sharma>: No. Thank you very much. All questions are answered. Thank you.

Operator

Thank you, sir. Our next question is from the line of Sitaram Nair of MSFL. Please go ahead.

<Q>: Yeah, thank you for the question. I just wanted a little clarification. The tariff per unit is based on the PAS and is the actual sales based on PLS?

<A - A.K. Singhal>: I - I couldn't get this. Can you repeat your question?

<Q>: No, I think the tariff realization is calculated based on the PAS factor and the actual sales is based on the PLS, right?

<A - A.K. Singhal>: Tariff is fixed by the regulator based on 85% - the sign above the tariff per unit based on 85% availability.

<Q>: Yeah. But during the actual sales, I think the volumes is based on the PLS right?

<A - A.K. Singhal>: Yeah, actual sale will be - volume will be based on the tariff itself. Tariff - like in case, if I have made my plant available at 90% and my per unit is say INR 2.80 including the incentive, if he is drawing power say at 75%, there is a reduction of 15% in the go all. We will end up paying 15% - on the 15% additional power that he got at, the incentive to me. So his fixed cost per unit will be little higher.

<Q>: In that case, you will only be losing out on the energy schedule? <A - A.K. Singhal>: We will be losing out only on the marginal contribution. <Q>: So, what is the incentive then for these basically or...

<A - A.K. Singhal>: They don't have any incentives. Now that that is why, the regulator wants to discipline them. Once the plant is available, power is available, why you are resorting to the blackouts. If you want to resort to the blackout...

<Q>: Well, I'm assuming that the marginal difference between lower PLF and normal PLF would be very minimal. <A - A.K. Singhal>: Normal PLF and...

<Q>: Let's say the CBU is running with the 85% PLF and a PLF of 75% and difference in payout would be minimal. I'm assuming...?

<A - A.K. Singhal>: The payout will be more for 85% than 75%. For 10%, he will be ending up paying higher capacity charges without taking the power against that plus the incentive.

<Q >

Okay. Okay thank you.

Operator

Thank you. Our next question is a follow up from the line of Anirudh Gangadhar of Nomura. Please go ahead.

<Q - Anirudh Gangadhar>: Yeah, thank you for the opportunity once again. Sir, we are going to declare Korba commercial in the next one or two days. Do you have any arrangements for the 50 megawatt - sorry the 75 megawatt to be sold on a merchant basis? Are we going to go on a day ahead market or do we have a short-term PPA already?

<A - A.K. Singhal>: You know Mr. Gangadhar we have 100% subsidiary, NVVN.

<Q - Anirudh Gangadhar>: Yes, sir.

<A - A.K. Singhal>: NVVN is ready to do things if our - if they don't sell our merchant capacity, we will sell it. <Q - Anirudh Gangadhar>: Sir, it will be through the NVVN sir?

<A - A.K. Singhal>: It will be through NVVN.

<Q - Anirudh Gangadhar>: And sir just to clarify the Bongaigaon first unit is to be commissioned this - in this quarter itself, are you are trying to do that?

<A - A.K. Singhal>: We are trying to do the first unit in this year.

<Q - Anirudh Gangadhar>: In this quarter itself. And sir the final clarification was on - you mentioned that the plant has to be earmarked as either being built on domestic coal or imported coal, but this would allow you some percentage of blending which you mention is 20%?

<A - A.K. Singhal>: It depends on - we are blending imported coal between - ranging between 15% to 20%. <Q - Anirudh Gangadhar>: And sir that would not be a problem as far as your PPA is concerned because? <A - A.K. Singhal>: I don't think that would be a problem, that is not a problem.

<Q - **Anirudh Gangadhar**>: Fair enough, sir. Thank you very much.

Operator

Thank you Mr. Gangadhar. Our next question is from the line of Abhishek Anand of JM Financial. Please go ahead.

<Q - **Abhishek Anand**>: Just a small follow-up regarding the interest costs in the quarter and the nine months. Looking at outstanding debt, what would be the interest cost in your view for the outstanding debt that you have and the year ending number?

<A - **A. K. Singhal, Director of Finance**>: Our weighted average cost of borrowing is 7.12%. <Q - **Abhishek Anand**>: But with regards to nine months number, I think the average cost is coming at about 6%?

<A - **A. K. Singhal, Director of Finance**>: You see in our interest and finance charges, we include rebate to customer also. That amount in the quarter is INR 165.63 crore.

<Q - **Abhishek Anand**>: And generally you take that in the December quarter?

<A - **A. K. Singhal, Director of Finance**>: No, no. It is every quarter we pay on for the customer those who pay us before one month period, we give them the incentive which is called rebate which is a period of 2% per annum 2% per month in case it's about beneficiary pays us on 6th of the following month the entire amount he gets 2% rebate.

<Q - **Abhishek Anand**>: Okay.

<A - **A. K. Singhal, Director of Finance**>: So that amount is also included in interest costs, which has no relationship with our interest and finance target.

<Q - **Abhishek Anand**>: Okay. Fair enough.

<A - **A. K. Singhal, Director of Finance**>: If you exclude that INR 165 crore rupees, you can really work out that based on our outstanding - loan outstanding, our weighted average cost of borrowing is, on the revenue account it is less than 7%, on overall basis it is 7.11 including what we have capitalized also.

<Q - **Abhishek Anand**>: Okay. So this INR 165 crores is for the current quarter or for the prior period?

<A - **A. K. Singhal, Director of Finance**>: INR 165 crore is for the current quarter and for the nine months period it is INR 537 crore rupees. So effectively if you look at - I can give you the numbers if you want. If we exclude the new capacity also, FERV impact, the interest on the existing capacity would be INR 165.74 crore only in the quarter and up to '09-'10, up to December '09, our revenue account weighted average rate of interest is 6.20%, sorry 6.38%. 6.20% was the last year.

<Q - **Abhishek Anand**>: 6.38% is the average interest cost for the... <A - **A. K. Singhal, Director of Finance**>: On the revenue side.

<Q - **Abhishek Anand**>: On the revenues side.

<A - **A. K. Singhal, Director of Finance**>: But if we include the capital expenditure also, which has gone into work in progress, there it is 7.12%.

<Q - **Abhishek Anand**>: Right, sir.

<A - **A. K. Singhal, Director of Finance**>: 7.19 to be precise.

<Q - **Abhishek Anand**>: Okay. And regards the - in this fourth quarter if we gross up on the full tax rate, have you been providing for the full tax rate in the second and third quarter of this year and if yes would there be any reversal?

<A - **A. K. Singhal, Director of Finance**>: No we have not been providing on gross rate, in the first three quarters we have not gross up with the normal tax rate. We have gross up with the MAT rate.

<Q - **Abhishek Anand**>: Okay, in that case - back sessions liability would also go up in the fourth quarter? <A - **A. K. Singhal, Director of Finance**>: Partly, but substantial amount will come in the form of return revenue. <Q - **Abhishek Anand**>: That's right.

<A - **A. K. Singhal, Director of Finance**>: That in fact will be much lower than - thinner than the increase in the revenue.

<Q - **Abhishek Anand**>: Absolutely. That's all from me sir. Thank you.

Operator

Thank you Mr. Anand. Our next question is from the line of Rabindranath Nayak from B&K Securities. Please go ahead.

A. K. Singhal, Director - Finance

We can take two more questions and then we can close on.

Operator

Sir, we have the last three questions.

A. K. Singhal, Director - Finance

Three questions, okay then. Like I said not more than two more questions, so three questions are there okay.

Operator

Thank you sir. Our next question is from the line of Rabindra Nath Nayak of SBICAP Securities. Please go ahead.

<Q >

Good evening, sir.

<A - **A. K. Singhal, Director of Finance**>: Good evening.

<Q >

Can you please tell me whether is there any IPO lined up for the next two to three years time by the company?

<A - **A. K. Singhal, Director of Finance**>: I don't think so. But it is - I cannot comment, but there is no possibility even I would wish that it should not be - there should not be any IPO in next ten years to come also.

<Q >

Okay, okay. Thank you, sir.

Operator

Thank you Mr. Nayak. Our next question is from the line of Rakesh Vyas of HDFC Mutual Fund. Please go ahead.

<Q - **Rakesh Vyas**>: Yes sir, just one clarification. I presume in the current year we had tried to discontinue the rebate mechanism, has that not gone through?

<A - **A. K. Singhal, Director of Finance**>: We have discontinued part of the rebate. Earlier we were giving 2.25%. We were giving additional 0.25% rebate to those customers who are relieving the payment on first of the following month. That rebate we have discontinued.

<Q - **Rakesh Vyas**>: Okay. So the additional 0.25% has been.

<A - **A. K. Singhal, Director of Finance**>: And you know that on despite discontinuing them, we are able to manage 100% realization.

<Q - **Rakesh Vyas**>: Okay. Is there a clause which actually specifies that you need to have this rebate mechanism of current 2% to continue or you can take a call?

<A - **A. K. Singhal, Director of Finance**>: The debtor allows 2% rebate in our working capital. <Q - **Rakesh Vyas**>: Okay, good. Thank you so much, sir.

Operator

Thank you, Mr. Vyas. Our last question is from the line of Amit Golcha of EmKay Global. Please go ahead.

<Q - **Amit Golcha**>: Yeah. Thank you very much. So would it be possible for you to comment on coal mine acquisition plans since we are on the lookout, we would have looked at options which coal mines, which have been acquired by other Indian company, for example Griffin by Lanco. Would it be possible for you to comment is there any concrete things as of now and secondly are you finding the valuation stretched?

<A - **A. K. Singhal, Director of Finance**>: There are - we are evaluating some of the proposals and we would look at if you have any proposal, you bring that to us, we will look at that proposal also.

<Q - **Amit Golcha**>: Sure, sir. But are you finding the valuations stretched?

<A - **A. K. Singhal, Director of Finance**>: Whatever it is, but once we need that commodity, we need that commodity. That we will take a call at a time and we will move a little maybe if you look at four years down the line when the properties were available at \$1 to \$2 a ton of the reserves, now it has gone up to \$4 to \$5 a ton of the reserve. <Q - **Amit Golcha**>: Right, sir. Okay. Thank you very much. That's all from me.

Operator

Thank you Mr. Golcha. Ladies and gentleman that was the last question. I now hand the conference over to Ms. Rupa Shah to add closing comments.

Rupa Shah, Analyst, Prabhudas Lilladher

Thanks, Rochelle. On behalf of Prabhudas Lilladher I would like to thank the management of NTPC for giving us an opportunity to host the call and I would like to thank all the participants also. Thank you and have a great day.

A. K. Singhal, Director - Finance

Thank you. Thank you, Rupa.

Operator

Thank you Mr. Shah, thank you members of the management team. Ladies and gentlemen, on behalf of Prabhudas Lilladher that concludes this conference call. Thank you for joining us on the chorus call conferencing service and you may now disconnect your lines. Thank you.