"NTPC Limited Q4 FY11 Earnings Call"

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MODERATORS

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MR. M. K. V. RAMA RAO, EXECUTIVE DIRECTOR – COMMERCIAL
MR. N. N. MISRA, DIRECTOR – OPERATIONS
MR. ANISH DAMANIA – HEAD OF EQUITIES, EMKAY GLOBAL FINANCIAL SERVICES LIMITED.

Moderator

Ladies and gentlemen, good evening and welcome to the Q4 FY11 results conference call of NTPC Limited hosted by Emkay Global Financial Services. We have with us today Mr. A. K. Singhal, Director (Finance), Mr. I. J. Kapoor, Director (Commercial) and Mr. N. N. Misra, Director (Operations). As a reminder for the duration of this conference, all participant 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. If you should need assistance during this conference, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Anish Damania, Head of Equities from Emkay Global, thank you and over to you sir.

Anish Damania

Thank you Marina. Good evening ladies and gentlemen. Thank you for joining us today. We would like to welcome the management of NTPC Limited and thank them for giving us this opportunity to host the call. I would now like to hand over the call to Mr. Singhal. Over to you sir.

A. K. Singhal

Thank you very much Mr. Damania. I am A. K. Singhal, Director (Finance), NTPC Ltd. and I have with me Mr. N. N. Misra, Director (Operations). Mr. I. J. Kapoor, Director (Commercial) could not attend the call due to some prior appointment. In his place we have with us here Mr. M. K. V. Rama Rao, Executive Director (Commercial). Yesterday the company has announced the financial results of the fourth quarter and the financial year ended on 31st March 2011. I will run through some of the financials before we discuss the performance in detail.

Net sales for the year have reached Rs. 54,874 crores registering an increase of 18.46% over the previous year sales of 46,323 crores. Total income for the year is Rs. 59,248 crores, up by 20% over last year total income of Rs. 49,230 crores. Profit after tax for the year is Rs. 9102.59 crores, up by 4.29% over last year profit after tax of Rs. 8728.20 crores. Rs. 10,640.99 crores increase on Net Fixed Assets and CWIP which now stands at Rs. 77,506.59 crores as against Rs. 66,865.60 crores. With the final dividend of 80 paisa per share, dividend for the year has been maintained at Rs. 3.80 per share.

Coming on to the consolidated results, consolidated net sales for the year has reached Rs. 57,418.46 crores, registering an increase of 18.99% over previous year consolidated net sales of Rs. 48,256.45 crores. Consolidated total income for the year is Rs. 61,906.39 crores, up by 20.96% over last year consolidated total income of Rs. 51,178.10 crores. Consolidated profit after tax for the year is Rs. 9,348.23 crores, up by 5.78% over last year consolidated profit after tax of Rs. 8837.65. Rs. 13,232.02 crores increased on consolidated Net Fixed Assets and CWIP which now stand at 89,719.21 crores as against Rs. 76,486.09 crores.

I would now like to take you through the performance of the fourth quarter and financial year 2010-11. Coming on to the operational performance, the total capacity of group NTPC commissioned so far is 34,194 MW including 3,364 MW capacity owned by our joint venture companies. Except for two units of 500 MW each commissioned at Farakka Super Thermal

Power Plant and Simhadri Super Thermal Power Station, the entire capacity of 33,194 MW is under commercial operation.

Now let us discuss some details of NTPC power projects. Our total capacity as on March 31, 2011 is 30,830 MW in comparison to 28,840 MW as on March 31, 2010, adding 1990 MW. Our commercial capacity is 29,892 MW in comparison to 28,902 MW registering an increase of 990 MW comprising one unit of Dadri 490 MW and another unit at Korba of 500 MW.

The total generation during fourth quarter and financial year 2010-11 is as follows:

Power generation for the quarter-ended March 2011, 57.868 billion units, quarter ended March 2010, 58.498 billion units. There is a reduction by 0.63 billion units, down by 1.08%. Our commercial generation for the quarter ended March 2011 was 57.755 billion units in comparison to 58.361 billion units registering a decrease of 1.04%. Our energy sent out was 54.241 billion units in comparison to 54.958 billion units registering a decrease of 1.30%. For the financial year 2010-11, we generated 220.536 billion units as against 218.840 billion units for the corresponding period registering an increase of 1.69 billion unit equivalent to 0.77%. Commercial generation was of the order of 220.379 billion units in comparison to 218.439 billion units in the corresponding period registering an increase of 0.89%. Energy sent out, it was 206.582 billion units in comparison to 205.091 billion units for the corresponding period registering an increase of 0.73%. Gross generation as well as commercial generation for the year is up by 0.77% and 0.89% respectively as compared to the previous fiscal. This is despite a loss of 13.227 billion units due to grid restriction and backing down by beneficiaries as well as higher planned outages in the year. Similarly, generation in the quarter would have been higher, but for the higher backing down and higher planned outages in quarter four in this year as compared to quarter four of the previous fiscal. The advantage of the higher planned outages will accrue to the company during the current financial year i.e. 2011- 2012. PLF for coal station decreased by 3.79% during quarter four in current fiscal over corresponding quarter in the previous fiscal and reduced by 2.52% for the year in comparison to the previous year. It was primarily due to grid restriction and also it may be noted that there has been a decline in the all-India PLF in quarter four as well as for the year as compared to the corresponding period. As per CERC regulation, the incentives have been linked to plant availability factor. Our coal station has registered improved availability factor in the year over the previous fiscal year. For the quarter ended March 11, availability for coal station was 96.43% as against 98.28% in the corresponding period. Similarly for gas station, availability was 96.87% in comparison to 95.38% in the corresponding period. For the full year during 2010-11, we have achieved availability of 91.67% in comparison to 91.41%. Similarly for gas, our availability was 92.60% as against 90.64% registering an increase of 1.96% over the previous year.

I will now come to the financial performance. We have achieved net sales of Rs. 15,518.94 crores in the last quarter in comparison to Rs. 12,353.39 crores in the corresponding period. Other income has increased to Rs. 664.23 crores in comparison to Rs. 627.65 crores in the corresponding period thus resulting in a total income of Rs. 16,183.17 crores during current quarter in comparison to Rs. 12,981.04 crores during quarter 4 of last financial year. Our profit after tax has been Rs. 2,781.84 crores during current quarter in comparison to Rs. 2,017.65 crores in the corresponding period registering an increase of Rs. 764.19 crores. For the financial year, we have achieved a total income of Rs. 57,407.03 crores corresponding to the Rs. 49,246.65 crores. Our profit after tax for the year is Rs. 9,102.59 crores in comparison to Rs. 8,728.20 crores registering an increase of Rs. 374.39 crore. Based on the reported profit after tax for the quarter, we have registered an increase of 37.87% whereas for the year it is 4.29%. I will come back to the adjusted profit after tax after making a one-time adjustment on account of previous year sales, FERV impact, prior period adjustments, depreciation impact current year, increments, provision for tariff adjustment, fixed charges current year, Lohari Nagpala interest, reduction in fixed charges due to MAT rate, AAD write back, RLDC charges, additional water charges, deferred tax impact. Now the figures on these account, the impact of previous year sales in the current quarter is Rs. (-) 164.69 crores whereas in the corresponding period, it is Rs. 73.60. Similarly in the financial year, the previous year sales adjusted were Rs. (-) 545.04 crore whereas in the corresponding period, it is Rs.(-)119.33 crores. FERV impact for the full year is Rs.84.64 crores in 2010-11, this was Zero in the corresponding period, for the quarter, it is Zero. Prior period adjustment in the quarter is Rs.(-)1.31 crore in comparison to Rs. 4.45crore. Similarly for the full year, it is Rs.(-)1,843.99 in comparison to Rs.(-)77.84 crores. Deferred tax is of the order of Rs. 212.67 crores in the current quarter in comparison to Zero of corresponding period, for the full year, it is Rs.212.67 crores in comparison to Nil of previous year. Depreciation impact of the current year is Rs. (-)118.37 crore whereas corresponding quarter, it is nil. Similarly for the full year, it is Rs(.)-279.62 crores in comparison to the previous year, it is nil. Increments etc. in the current quarter, is Zero whereas for the full year, it is Rs.117.36 crores in comparison to previous period, is Zero. Provision for tariff adjustment in the current quarter is Rs.263.59 crores in comparison to the corresponding quarter, is Zero and for the full year, it is Rs.1526.45 crores in comparison to corresponding period, is Zero. Fixed charges adjustment of the current quarter is Rs. 1.12 crores for the full year, it is Rs. (-)40.49 crores. Lohari Nagpala interest in the current quarter is Zero; in the corresponding quarter, it was Rs.28.75 crores. Similarly for the full year, for the current year it is Zero and the corresponding period, it is Rs.28.75 crores. Reduction in fixed charges due to MAT rate in the current quarter it is Rs. (-)723.69 crores; corresponding period, it is Zero; for the full year also, it is Zero and corresponding period, it is Zero. AAD write back in the current year is Rs.13.11 crores; in the corresponding period, it was Rs.(-)18.13 crores; for the full year, it is Rs.(-)79.75 crores; and in the corresponding period, it was Rs. (-)316.80 crores. RLDC charges which are the new charges which have been imposed by the regulator, is Rs.98.35 crores; corresponding period, it is zero. Similarly for the full year, it is Rs.98.35 crores; the corresponding period, it is zero. Additional water charges, it is Rs.42.98 crores in the current quarter in comparison to the corresponding period, it is Zero; for the full year, it is Rs.164.91 crores; corresponding year, it is Zero. Deferred tax impact in the current quarter is Rs.393.69 crores corresponding to Rs.209 crores in the corresponding period; for the full year also, it is Rs.393.69 crores in comparison to the corresponding period of Rs. 209 crores. Total adjustments in current quarter are of the order of Rs.17.45 crores in comparison to Rs.297.67 crores during corresponding period. This will result in an increase in the adjusted profit after tax for the quarter to Rs.2,799.30 crores in comparison to Rs.2,315.34 crores for the corresponding period thus registering an increase of 20.90% as against the reported profit after tax of 37.87%. Similarly for the full year after making the total adjustment of Rs.(-)190.82 crores in the current year corresponding to the Rs.(-)276.22 crores in the corresponding period resulting in the adjusted profit after tax for the current year as Rs.8911.77 crores as against Rs.9102.59 crores and for the corresponding year, it is Rs.8451.99 crores as against Rs.8728.20 crores thus registering an increase of 5.44%.

As I explained on an adjusted basis, the PAT has increased by about 20.90% on quarter-on-quarter basis and Rs.5.44% on year-to-year basis. The increase in net sales for electricity for quarter 25.62% and for financial year 18.46% is primarily on account of increase in fuel cost Incentives earned and also partly due to increase in generation on addition of new capacities. For quarter four average hike in coal prices 17.54%, for gas 39.12% and for financial year, average hike in coal prices 23.90%, for gas 29.84%. Coal India and SCCL had revised rates of coal with effect from 16th October 2009 and 30th December 2009 respectively. Other income on quarter-on-quarter basis has increased due to improved interest rates on investment of surplus funds. Weighted average earning on investment has increased to 7.57% versus 6.40%. However, on year-to-year, there is a decline mainly because of progressive redemption of 8.5%, tax-free bond (outstanding as on March 31, 2011 is Rs.8,170.29 crores versus Rs.9821.75 crores on March 31, 2010) and also due to lower earning on investment of surplus funds. In line with opinion expressed by office of Comptroller and Auditor General, the company revised its accounting policies relating to charging of depreciation with effect from 1st April 2009 considering the rates and methodology notified by CERC for determination of tariffs through regulation 2009. In case of certain assets of the company continued to charge higher depreciation based on technical assessment of useful life of these assets. Consequent to these changes, prior period depreciation written back is Rs. 1116.50 crores and depreciation for the year is lower by Rs.279.62 crores. As a result, fixed assets and profit before tax for the year is higher by Rs.1396.12 crores. Also due to change in depreciation policy, AAD has been reassessed and an amount of Rs. 727.49 crores has been recognized as prior period sales. Tax expense net had increased primarily on account of increase in deferred tax by Rs. 396.20 crores on account of reworking of deferred tax assets, deferred tax liability and deferred tax recoverable from beneficiaries due to accounting of depreciation. This Rs. 1,262.86 crores included in debtors on basis of certain APTEL order in favor of company have been fully provided as provision, further Rs. 263.59 has been again provided towards tariff adjustment in anticipation of final notification of guidelines by CERC.

Moving on to fuel supply, the coal supply position has marginally improved during the current fiscal. During the financial year 2010-11, 137.48 million metric tonnes of coal were received as against 136.21 million metric tonnes during same period last year registering an increase of 0.93%. As we have been telling continuously that none of our plants has suffered because of non-availability of coal, we want to again reiterate that during the year, none of our plants has suffered any generation because of non-availability of coal. During financial year 2010-11, 136.95 million metric tonnes of coal was consumed as against 134.96 million metric tonnes during the same period last year. The consumption of imported coal in total consumption is 10.58 million metric tonnes in current fiscal as against 6.76 million metric tonnes consumed during the corresponding period. For the year 2011-12, NTPC has a target to import 15.4 million metric tonnes of coal and order for 12 million metric tonnes was placed on STC in January 2011. Supplies against which have already commenced. NIT for import of 4 million metric tonnes has been issued in April 2011 for direct import by NTPC. The bids of the same are scheduled to be opened in July 2011. During the current fiscal, gas station received was 13.77 MMSCMD as against 13.88 MMSCMD received during the previous year. Gas procured on spot basis during the current fiscal was 0.95 MMSCMD, Fall back and Long-Term LNG is 1.91 MMSCMD, KG D6 gas is 1.91 MMSCMD, balance 9 MMSCMD was received under APM and PMT mechanism. GOI allocated 4.46 MMSCMD of KG D6 gas to NTPC existing NCR gas based power station. Out of 4.46 MMSCMD, 2.30 MMSCMD 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 MW.

Coming on to coal mining, there was a news article regarding de-allocation of some of the coal mines allocated to NTPC. NTPC has made a representation on the issue as reported in the press today that the Coal Ministry had said that the government is open to review its decision of cancelling allotment of coal block to public sector firms including power major NTPC. We feel that we have already gone ahead in this coal mine block aggressively. We are confident that we would be able to win over the situation which has been created by recent press news, although we have not received any official communication from Ministry of Coal in this regard. Capital expenditure of Rs. 506.28 crores has been incurred on the development of the five mines allocated to NTPC. Of these, major expense is towards Pakri-Barwadih which is 346.14 crores. In accordance with the expenditure and the present status, the progress of our coal mine projects are progressing as per schedule. We would like to inform you that in India, the coal mine development takes an average of about 17 years whereas we have been allocated these coal blocks in the last 7 years and we are confident that in the next 3 years, we would be able to develop all our coal blocks provided all the clearances are made available, particularly the environmental clearance. So far as the forest clearance, First stage clearance in Chatti-Bariatu is available with us from the Environment Ministry. The block of Chatti-Bariatu (South) has not been yet made available to us which would be made available after 2 years down the line, only then we could be able to develop it.

Now coming back to commercial, as in the past, in the current financial year also 100% of the amount billed to the customers has been realized maintaining the trend of full realization. The servicing of the bonds under one-time settlement scheme is being made on time. As per the scheme, the principal amount of Rs. 1651.46 crores was paid by beneficiaries during 2010-11. The bond outstanding as on March 31, 2011, was 8170.29 crores. Interest amounting to Rs. 869.94 crores for the year 10-11 was received as per schedule.

Coming on to fund mobilization during the year; fresh agreement for term loans aggregating to Rs. 3,479 crores were entered into. The cumulative amount of domestic loans tied up till March 31, 2011, is Rs. 52,787.35 crores. An amount of Rs. 6625 crores was drawn from domestic banks and cumulative drawl upto March 2011 was 32,265.35 crores. Further during the year, bonds amounting to Rs. 720 crores have been issued to Army Group Insurance Fund and other investors to finance the capital expenditure of our projects. Total bond outstanding as on March 31, 2011, stands at Rs. 9570 crores. A bilateral loan of USD 300 million was tied up with Bank of Tokyo, Mitsubishi. Average cost of borrowing for financial year 2010-11 is 7.2985% as compared to 7.1576% last year.

Moving on to capacity addition for financial year 2010-11, capital expenditure of Rs. 12,817.61 crores was incurred. For NTPC Group, the expenditure is Rs. 16,326.58 crores. For 2011-12, the approved outlay for the NTPC project is Rs. 26,400 crores. For NTPC Group, the outlay is 30,843.72 crores. Unit #6 of Dadri stage II was declared under commercial operation on July 31, 2010. Unit #7 of 500 MW of Korba stage III was declared on commercial operation on March 21, 2011. Unit #6 of 500 MW of Farakka was commissioned on March 23, 2011 and unit #3 of 500 MW of Simhadri was commissioned on March 31, 2011. For 2011, we have a target to commission 4320 MW comprising of Sipat Stage I 1320 MW, Simhadri stage II of 500 MW, Mauda stage I 500 MW on best effort basis, Jhajjar and Vallur of 1000 MW each. During 11th 5-year plan, period 6790 MW has already been commissioned. 37 units of 14 projects having capacity of 14,748MW are under construction. Status of projects under first stage bulk tendering, for TG letter of intent issued for Solapur, Mauda and Meja projects during January. LOI to be issued for 3 units of Nabinagar shortly. For SG package, 4 bids have been received on September 25, 2010; however, the matter is subjudice due to an appeal by one of the bidders. So far as second stage bulk tendering is concerned, NIT for 9 units of 800 MW Kudgi, Darlipali, Lara I, Gajamara I has been issued on February 4, 2011. On our international foray we are progressing well with our joint venture with Bangladesh and Sri Lanka.

During the year, we have won lots of the awards; Exemplary Leadership Award for People Excellence awarded to CMD. We won the HR Excellence Award for PSU sector for innovative HR practices. We have been honored with the Most Respected Company in power sector for the year 2011 and our NTPC Dadri project has won Green Globe Foundation Award in Public Sector Category. Above all, NTPC has been ranked 6 amongst 25 top best employers in the country in Aon Hewitt Best Employer in study 2011.

These were some of the highlights which I wanted to share with you. Now we can move on to Q&A please. Thank you.

Moderator Thank you very much. The first question is from Rajesh Panjwani from CLSA. Please go ahead.

Rajesh Panjwani You mentioned that the generation was low and one of the reasons for that in FY11 was the state utilities is backing down. So in your view, what is the key reason for the state electricity backing down and is this backing down both on generation on domestic coal as well as imported coal or is it primarily for generation based on imported coal?

A. K. Singhal We would say that there were two reasons for backing down during the year 2010-11. As we have been stating earlier that there was good monsoon in the country and because of this higher power was available from Hydel plants. Coming back to the backing down of coal plants whether it is on imported coal or domestic coal is very difficult to say: the differential between the variable cost because we are doing blending to the extent of between 7% to 20% and our average blending during the current year has been around 7.8% in comparison to about 6.5% in the corresponding period. So therefore saying that whether the backing down is on imported coal or domestic coal would be very difficult for us. So far as we are concerned, we have made available the plant, fuel is the responsibility of the generator and as I have explained that the availability is more important for us. So our entire recovery of fixed charges plus the recovery of incentive is based on the availability and whatever we earn because of the generation, it adds a little bit towards the marginal contribution.

Rajesh Panjwani Technical point here, when you make a plant available, do you have to let state utilities know whether it is available on domestic coal or imported coal?

A. K. Singhal We already have consent from all the beneficiary that we can blend imported coal. So far as coal is concerned, we do not have to say whether it is on imported coal or it is on domestic coal. It is made available so that we can generate the power.

Rajesh Panjwani As long as you already have the consent, it does not matter.

A. K. Singhal Otherwise, we cannot make the plant available if we do not have consent of the beneficiaries.

Rajesh Panjwani That consent is up to a certain blending level?

A. K. Singhal Technically, we cannot do blending more than 20%, but there is no restriction on blending so far. In Farakka, this year we have done blending up to 20%.

Rajesh Panjwani Is there a trend that the backing down is more for plants where there is a higher blending or there is no such trend?

A. K. Singhal There is no such trend available with us. There is so much requirement of power; it is for SEB to give schedule. So far as we are concerned for every 15-minute interval, we are making the plant available to the RLDC and RLDC in turn informs to the beneficiaries and beneficiaries give the schedule. Based on that schedule, we are generating the power because fuel is our responsibility.

Rajesh Panjwani And given the financial position of the SEB which continues to deteriorate, do you think this trend of backing down will continue?

A. K. Singhal I cannot talk about that. So far as NTPC is concerned, we are realizing 100% of our dues. We have realized 100% for the 7th year in succession. So we do not feel that there is any cause of worry for our realization.

Rajesh Panjwani Not for realization, but in terms of the state backing down?

A. K. Singhal We cannot say at this stage. So far as we are concerned, we are getting against our availability schedule for generating the power.

Rajesh Panjwani And if I heard you right, did you also mention that there are some transmission bottlenecks because of which there was some power which could not be sent?

A. K. Singhal I did not say that there is any transmission bottleneck, you must have heard from somebody else, not from my call

Moderator Thank you. The next question is from Anish Damania. Please go ahead.

Amit This is Amit this side. I had a few book-keeping questions. In the notes to accounts which is number 5, that says that the provision for tax in FY11, there is a prior period tax of about Rs. 56 crores and what I understand is till last 3 quarters, that is quarter 1, 2, and 3.

A. K. Singhal Which note number you are talking about?

Amit Note number 5 sir. So in quarter 1, 2, and 3 put together there was prior period tax of about 73 crores. So does that mean that in quarter 4, there has been some tax refund?

A. K. Singhal No, there have not been any tax refunds. It was tax refund in the corresponding period last year. In the current year, there is no tax refund. This year disclosure of old tax liability is given. In the current quarter, there is an income tax liability of 56.02 crores which is related to the earlier period.

Amit So it is in the current quarter basically, not for FY11?

A. K. Singhal It is in the current quarter.

Amit And sir also you have read apart from advance against depreciation recognized as sales, you have recognized something like 800 crores in FY11 as prior period sales which I believe has been occurring since so many years?

A. K. Singhal It is on account of tariff orders which we received.

Amit Is it mainly because of additional capitalization or?

A. K. Singhal It is because some of our capital addition tariff petitions which are pending with the regulator. Regulator gave us the tariff order, on account of that we had recognized income.

Amit And sir is it possible to tell us the status on the case filed by CERC against the order of Appellate Tribunal. When is the hearing?

A. K. Singhal It is outstanding in the honorable Supreme Court, we cannot say. We have already provided for that amount.

Amit And sir lastly in case of advance against depreciation recognized as revenues of Rs.730 crores in FY11, I wanted to understand whether a similar amount is charged in depreciation amount also?

A. K. Singhal It is the one-time income which we have taken by the transfer from reserves to the income. There is no relation between the expenditure and the income. So advance against depreciation was allowed by the regulator earlier, debt obligation that was the accelerated depreciation. It did not recognize that as an income in that year when they allowed us, we were to recognize this as an income and we have reached that stage by charging to the depreciation to ensure that our expenditure and income are in agreement with both of them.

Amit So at the end of FY11, you have something like Rs.800 crores of outstanding AAD, do you expect the same to be recognized in FY12, is it possible?

A. K. Singhal Now it would be much lower in the subsequent period. It would not be at this level like in 2010-11. If you look at it, it is only Rs. 79 crores related to the period 2010-2011. So subsequently now 11-12 onwards, it will be in the range of may be, it will be Rs.20 crores, Rs.30 crores, Rs.50 crores likewise it will go till somewhere up to 2028.

Moderator Sure sir, thank you. The next question is from Venkatesh B from Citigroup. Please go ahead.

Venkatesh B I was wondering if my understanding is correct. In the last 3 years, every quarter in the tariff, you had grossed up the tax at full tax. In this year, the first 9 months you have grossed up the tax in the tariff at MAT rates and in the fourth quarter, have you gone back to the full tax again.

A. K. Singhal That is right.

Venkatesh B Now I was wondering why does this happen, I mean you need change it every quarter?

A. K. Singhal Venkatesh it has happened because we were anticipating earlier that we will be commercializing more units during the current year and once when we declare more units as commercial, we were supposed to get higher depreciation and that would have resulted into the MAT. So as an abundant precaution, upto the third quarter we were not sure of whether we will come out of MAT or not. That is why we did it in the fourth quarter and we have done certain tax planning, based on which we have come out with these numbers. Therefore it is more prudent to be conservative initially than once we become aggressive and subsequently we come to know it would have given a set back to the organization and to the investor as such.

Venkatesh B So that is a good thing. Now in fourth quarter also, you had continued at MAT. Would I be right in saying that the profit number would have been lower by around 400 crores to 500 crores?

A. K. Singhal You are right. Profit would have been lower by more than that, not only 400-500 crores.

Venkatesh B Sir now what is the outlook for FY12, do you expect the full year on an average, the grossing up of tax at MAT levels or at full tax?

A. K. Singhal We will come out with that once when we declare our first quarter numbers. We are working on that. We definitely do tax planning to ensure that we do not lose on revenues.

Venkatesh B Sir my second question is what was your gross block number at the end of the financial year?

A. K. Singhal Gross block is 72,755.15 crores.

Venkatesh B My last question is regarding the provisions which are there in the P&L. In the current quarter there are provisions of around 283 crores and what I understand is from one of the notes to accounts, it says that 263.6 crores of provisions relate to truing up of liabilities, am I right?

A. K. Singhal It is not truing up. Basically as on 1st April, we expect that the regulator is going to true up the capital cost as on 1st April, 2009, on account of undischarged liability on account of capital expenditure. The draft regulation has already been issued by the regulator. The final notification has not been issued.

Venkatesh B And it seems number of around 263 crores which is there in provisions will be a positive number which is equivalent to this in the sales, right?

A. K. Singhal Had it not been there our profit would have been higher by Rs. 263 crores.

Venkatesh B So this number is not there in sales also?

A. K. Singhal This number has already been booked in the earlier years in the sales.

Moderator Thank you. The next question is from Abhishek Anand from JM Financial. Please go ahead.

Abhishek Puri One regarding the back down of the plants, if we understand correctly the back down is based on the variable cost of the project?

A. K. Singhal It is not so. I would say it is a wrong notion of thinking that the backing down was done primarily because on the cost part of it. Backing down, there are so many reasons. As I said that one of the major reason is the extra hydel power available during the year. There could be some technical issues at the level of the beneficiary. So primarily, higher variable cost may be one of the reasons, but it can never always be the reason for backing down.

Abhishek Puri Would it be fair to say that SEBs are getting cheaper power elsewhere or is it because the demand was not there or the hydel power was cheaper ?

A. K. Singhal It was hydel power which was cheaper available to them that is why they did backing down.

N. N. Misra Even our old plant, the cheapest plant that is Singrauli had to back down due to lower demand.

Abhishek Puri And in terms of Farakka and all which are currently using 20% imported coal, what will be the broadly variable cost of the new project which has been installed there, the 500 MW unit?

A. K. Singhal The variable cost at Farakka on overall basis is Rs. 2.79 paisa roughly for the whole year.

Abhishek Puri Sir secondly we have been hearing from couple of trading companies that couple of states Tamil Nadu, Karnataka has been delaying payments by more than a month in certain cases. We have

100% realization, but that 100% realization is in between a period of one year or we are keeping the rebate to ourselves we are not giving them rebate?

A. K. Singhal It has to be on a month-to-month basis. No way can they exceed, they cannot delay the payment beyond 60 days, otherwise we will have to regulate the supply of power under the tripartite agreement.

Abhishek Puri The payment security mechanism will be the escrow account?

A. K. Singhal No, not the escrow account. It is tripartite agreement till October 2016 for NTPC. We can approach RBI for the central plan allocation, but we have not used it so far.

Abhishek Puri And the primary reason for increasing the debtor days or the sundry debtor days.

A. K. Singhal If you look at our total sundry debtors are Rs.10,291.60 crores. Out of which, we have not billed so far because of the APTEL order which we have accounted for is about Rs.2700 crores. Out of which, left behind is Rs.7592.74 crores. Out of which, Rs.4450.67 crores is the billing for the month of March which has not become due as on March 31, 2011. So that amount will always remain there as it is and rest of the amount which is available and out of which we have made a provision of Rs. 2367.29 crores.

Abhishek Puri So this provision is for?

A. K. Singhal Provision is for the tariff adjustment as well as the provision for that APTEL order.

Abhishek Pari This tariff adjustment if supposedly in FY12 we get the final tariff approvals from CERC, would this be recoverable immediately or it will be spread over?

A. K. Singhal It will be recoverable immediately.

Abhishek Puri So in FY12 itself, we can see this cash flow coming in?

A. K. Singhal Yes. The total provision, I will just give you. For tariff adjustment, it is Rs.1,526.45 crores and for the DESU period due which is Rs.840.84 crores.

Moderator Thank you. The next question is from Parag Gupta from Morgan Stanley. Please go ahead.

Parag Gupta Firstly looking into the 12^{th} plan, just to get a sense we have seen the supercritical tender not yet been placed because of the dispute in the Honbl. Supreme Court. Could you give us a sense on whether do you see this project getting delayed primarily from an equipment supply perspective?

A. K. Singhal I do not think at this stage, we can say that these are going to be delayed. We are hopeful that we would be able to place the award in next 2 to 3 months' time.

Parag Gupta Secondly can you give us an idea on what is exactly happening on your Kawas and Gandhar expansion, have you actually go on and started your construction activities?

A. K. Singhal We have not started the construction activities. We have issued the NIT asking the prospective supplier of the equipment to bid. In the meanwhile if we are able to be successful in allocation of Gas by the group of minister we will go ahead. NTPC has never resorted to start the construction unless we have all the five ingredients in place that is land, water, environmental clearance, PPA, and fuel.

Parag Gupta And finally these 5 blocks that got deallocated, are there any projects that were based on these blocks which was supposed to come up in the 12th plan and were part of your 25 GW target?

A. K. Singhal Pakri-Barwadih is a Basket coal mine which will support us if any project comes in and first of all let us not conclude that these blocks have been cancelled. Today the statement has come from the Minister of Coal which you must have read in the newspaper that on our request, they will reconsider and we have already requested through the Ministry of Power and we have provided the justification and reasons why and where we stand and we have progressed much-much faster than our peers who have moved into the coal block

Moderator Thank you. The next question is from Bhavin Vithlani from Enam Securities. Please go ahead.

Bhavin Vithlani On the Korba front, could you help us with the merchant realization for the quarter?

A. K. Singhal We have said in the last quarter in the con-call that particularly keeping in view our relationship with Chhattisgarh State Electricity Board, although we have been allowed to sell 75 MW on merchant basis, but there was some commitment. So we have gone ahead and signed a short-term PPA with Chhattisgarh Electricity Board for supplying the power of 75 MW on CERC regulated rate basis and I would say that looking into the current scenario of the merchant trade, it is obviously better that we should sell power on CERC regulated tariff because this will help us in making this plant available on incentive based on availability, even though they may not draw power from that; whereas in merchant capacity if the rates come down, then there is a possibility that we may not find any buyer for that capacity whereas under a regulatory tariff, we have a continuous process through which we would be able to realize our capacity charges plus incentive charges.

Bhavin Vithlani What would be the variable tariff for Korba 500 MW unit?

A. K. Singhal It would not be much so far as tariff is concerned in comparison to the existing tariff which we are getting. The only increase which will come in Korba is on account of the capacity charges.

Bhavin Vithlani But if you can help us with the cost of generation for this 500 MW unit?

A. K. Singhal At present, it is Rs. 1.27. For the new 500 MW, it will be Rs. 2.40 including variable cost.

Bhavin Vithlani Secondly for the quarter gone by, could you help us with the number for the benefit because of grossing up of tax?

A. K. Singhal That is Rs. 730 crores I told you for the entire year. Quarter will be roughly around one-third of this, Rs. 240 crores will be of the quarter.

Bhavin Vithlani But the entire 700 odd crores has been booked in the current quarter?

A. K. Singhal The Rs. 723 crores is for the 3 quarters. For the fourth quarter, it will be one-third of this, roughly as I said Rs. 240 crores. The total impact of the grossing up is about Rs. 1000 crores.

Bhavin Vithlani Third is, sorry to harp on the same point. If the SEBs back down, would NTPC have a restriction of selling the same power on a merchant basis to any other state where there is demand?

A. K. Singhal We cannot sell on merchant basis, but we can sell on the same tariff basis to the other electricity board. We cannot sell that power on merchant basis.

Bhavin Vithlani When we actually highlighted that we lost a particular amount of the unit because of backing down by SEBs. Was there any transmission related constraint so that we could not divert it to the other SEBs?

A. K. Singhal There is no transmission constraint. We did not find any buyer.

Bhavin Vithlani On an 80-20 basis, which were the key plants or stations where SEBs had back down for the year? Let us say of the amount of units which the SEBs back down, could you help us with the station?

A. K. Singhal It is all the electricity board across the country and across the board they have backed down. We cannot identify one single SEB.

Bhavin Vithlani It is all throughout and it is not a particular station?

A. K. Singhal Yes, it is all throughout.

Bhavin Vithlani And one last question is with respect to the coal because if I have to look on the performance highlight published, the coal received for the year from the domestic sources has actually come down. Can you help us with that?

A. K. Singhal It has not come down, it has gone up. I told that our total receipt for the year is 136.76 million units. Last year, we received 135.05 million tonnes.

Bhavin Vithlani No, I am referring to the coal you have given a breakup of coal received from domestic Coal India related sources that has actually been showing a drop?

A. K. Singhal That may be a slightly low, but we have imported coal in higher quantity. Mishraji will explain it.

N. N. Misra Last year, we got from domestic sources about 129.2 million tonnes, this year it has come down to 126.9. While last year, we imported about 6 million tonnes of imported coal, while this year it is 10.6. You convert it to gross calorific value, it is equivalent to more than 15 million tonnes around 16 million tonnes.

Bhavin Vithlani My question is despite adding roughly 1000 MW commercial operations for the year, why have we received less coal from Coal India?

A. K. Singhal There was no requirement of the coal, why should we take and stock the coal. So far as our availability is concerned, we have declared availability which is more than what was last year. It means that we had all the kinds of sufficient coal available. Subsequently when that coal has not been consumed, why should I requisition fresh coal and build up inventory. So that will affect my margin on the working capital.

Moderator Thank you. The next question is from Jeff Evans from Macquarie. Please go ahead.

Jeff Evans Good afternoon gentlemen, First one can you quantify UI revenues and same thing for the full year and second question you highlighted that imported coal was expected to be 16 million tonnes in FY12 from 10 million tonnes. Is that imported coal going to increase in the existing projects or is that all going to new projects?

A. K. Singhal It will be distributed amongst all the old and new projects since we are adding capacity.

Jeff Evans So it is blending wise increase?

A. K. Singhal So blending technically it will not be feasible to blend more than 15 to 20%.

Jeff Evans Can you quantify UI revenues achieved in FY11?

A. K. Singhal Generally because of commercial reasons, we do not give that revenue.

Moderator Thank you. The next question is from Girish Nair from BNP Paribas. Please go ahead.

Girish Nair Can you break down the fuel cost by coal, gas, and naphtha for the year FY11?

A. K. Singhal Why do you want that fuel cost to be allocated in coal, gas, and naphtha.

Girish Nair Sir you always give that number in the annual report. I just wondered whether you can give it right now?

A. K. Singhal The coal cost is Rs.28,145.71 crores, oil in coal station is Rs.251.35 crores, gas is Rs.5324.40 crores, and naphtha is Rs.1401.27 crores totaling Rs. 35,373 crores.

Moderator Thank you. The next question is from Amit from Emkay Global. Please go ahead.

Amit I had two follow up questions. This is regarding prior period tax reported in quarter Two and quarter Three, quarter Two you reported 50 crores of prior period tax.

A. K. Singhal Actually at present, I do not have quarter Two, quarter Three numbers before me.

Amit No problem. I will take those data separately. Secondly what we understand is that after March 2009, Coal India has not signed any FSA with anybody. So just wanted to understand is it possible that whatever we have commissioned after March 2009, the supplies which we are getting, is it on MoU basis or is it on linkage basis?

A. K. Singhal It is on linkage basis we are getting the supply.

Amit And that price, is higher than notified price or it is at the linkage price?

A. K. Singhal Whatever supplies we are getting, it will be notified price unless we have bought the coal under e-auction or on a bilateral basis.

Amit It is not from Coal India?

A. K. Singhal If there is a surplus quantity over and above the linkage that we can get on a rate on a negotiated basis.

Amit Could you quantify that quantity how much was that quantity in FY11?

A. K. Singhal It is not much of this quantity.

Moderator Thank you. The next question is from Sanjiv Panda from Sharekhan. Please go ahead.

Sanjiv Panda Sir first question is that how much was the energy sent out in this quarter?

A. K. Singhal Energy sent out is 54.241 billion units.

Sanjiv Panda Sir you said about RLDC charges that is newly added. Could you please throw some light on it and how it looks in terms of going forward?

A. K. Singhal It will be roughly around Rs. 50 to 60 crores per annum. These charges are for a period of 2 years which we have provided for in the current year.

Sanjiv Panda So coming to the mine development side of whatever news we are getting in the media reports deallocation kind of thing, could you throw some light on it and what is the development that we have done till now, what is the status of those?

A. K. Singhal You must have read in the newspaper today itself that the Ministry of Coal has issued a statement that Ministry of Coal is ready to reconsider. We have raised this issue at the highest level and we are confident that nothing may happen to our coal block where we are progressing.

Sanjiv Panda And what exactly is the development at this stage from outside?

A. K. Singhal First of all let me tell you that we don't have any official communication available with us that our coal blocks have been cancelled. There has to be a communication to us. That is not there. It is based on the paper news. We have also written to the Ministry of power; Ministry of power has taken up with the Ministry of coal. They have said based on that; today again we have read in the newspaper; that Ministry of Coal will reconsider if NTPC requests. So our request, we have given the complete details and how we are progressing and how much money we have spent on this coal block.

Sanjiv Panda Can you give us the development that we have done in this figure, in terms of mine development?

A. K. Singhal Development means so far as our Pakri-Barwadih is concerned we are almost at the stage of acquisition of land at Pakri-Barwadih. We already have clearances available, we have appointed the MDO and we will start the activities at the project. Land compensation have already been started to be paid. There we spent Rs 346.14 Crores. Coming back to Chatti-Bariatu mining plan was approved by MOC on 27 June, 2008, MOEF has accorded environment clearance. The Stage-I Forest clearance we have received, Stage-II clearance under progress, appointment of MDO is under tendering, RFP documents issued to qualified bidders. Kerandari, this block has geological reserves of 285 million tonnes, mining plan was approved by Ministry of Coal on 4th August, 2008, MoU has accorded environment clearance on 31st March, 2010. Forest clearance is under progress. QR for Single part bidding approved for appointment of MDO on 19th July,2010 and we are in the process of issuing these. Dulanga Mining plan was approved on 30th July, 2009, environment clearance have been applied. This has got a reserves of 245 million tonnes. Talaipalli block mining plan was approved by the Ministry of Coal on 31st March, application for environment clearance and Forest clearance have been submitted to authorities, public hearing held on 10th December, 2010, and NTPC and SCCL has been appointed as MDO on nomination basis. Chatti-Bariatu south for preparation of mining plan. As for **EIA/EMP** studies we have gone into the process. For Brahmini and Chichiro Patsimal this coal block belongs to CIL and NTPC joint-venture Company and for the detailed geological, geographical report work has been entrusted to the CMPDIL and they are moving ahead with the process of carrying out various studies.

Sanjiv Panda Giving a quick estimate like, what is the timeframe that we can start the first mine output?

A. K. Singhal We have planned to start using coal by December 2012 from **Pakri-Barwadih** and we feel that we will ramp up all our coal mine projects and take our coal production to 47million tonnes by 2017.

Sanjiv Panda The projects likely to commission in FY 12 that we are talking about, I just missed out that what are the projects that you were talking about?

A. K. Singhal This is 4320 megawatts, two units of 660 megawatts at Sipat**,** Simhadri 500 megawatt, a 500 megawatt at Mauda, 2 units at Jhajjar of 1000 megawatt, 2 units at Vallur of 1000 megawatts.

Sanjiv Panda Last question, regarding some media reports states that private players have actually moved CERC against NTPC going for bulk kind of PPA signing and which is basically in anti-competition kind of activity has been a complaint . Could you help us to understand and since what is the real scenario over there?

A. K. Singhal You feel it is anti-competition?

Sanjiv Panda No we don't feel because it probably an outsmart kind of action that has taken by into this.

A. K. Singhal We will contest it strongly, we are armored with the proper documents available with us. There was a provision in the law that is why we have signed PPA. It is based on our strength. We have not gone to the SEBs. SEBs have come to us for signing the PPAs, they feel comfortable buying power from NTPC's than buying power from others.

Sanjiv Panda Sir in case anything goes unfavorable to us whatever we have already signed in, will there be any impact on that or its only regarding the future course of action?

A. K. Singhal I don't think anything will happen, we have not incurred any expenditure on those PPA which we have signed.

Moderator Thank you. The next question is from Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

Rakesh Vyas Sir three questions from my side all related to the cost item. The first one can you help me with the reason why employee cost has increased by 16%, is it all largely due to the DA increase or is there anything else?

A. K. Singhal Primarily due to DA increase, 16% was increased in DA.

Rakesh Vyas 16% increase in DA in the overall cost?

A. K. Singhal For the employee cost. DA we effectively increased not in the overall cost, it will ultimately work out to be in the same way.

Rakesh Vyas Currently how much will be the DA component of the total salary?

A. K. Singhal It is about 49% of the basic salary.

Rakesh Vyas Secondly that depreciation year-on-year is lower so is it largely to do with the adjustment which you have done which is specified in note 7?

A. K. Singhal Yes because what has happened is earlier we were charging 5.28%, now we are charging the depreciation based on the life of assets and CERCs rate of depreciation is based on the life of plant which is 25 years.

Rakesh Vyas And finally the other expenditure has increased in both the quarter-on-quarter and year-on-year significantly so can you help me with the key reason behind that?

A. K. Singhal One of the major reason for increase in the expenditure on quarter-to-quarter and the year-to-year is on our corporate social responsibility ,we were sponsoring the Commonwealth Games, partly Rs 50 Crores is the increase on that account and second we have booked RLDC charges of 98 Crores in this quarter itself and as well as for the whole year also and the third reason for normal increase which has gone up is the water charges which have substantially gone up by about Rs 164 Crores.

Rakesh Vyas And the last two charges which are the RLDC and water charges these are not pass through?

A. K. Singhal These are pass through. For RLDC charges we will approach commission and we will file the petition and claim. Similarly for water charges we have already filed a difficulty petition requesting commission for claiming the extra water charges.

Moderator Thank you, the next question is from Rajesh Panjwani from CLSA. Please go ahead.

Rajesh Panjwani If I look at your notes to account 2(f), there is an amount of Rs.252 Crores which has been booked as an "Advance from Customers". This is pending with the Supreme Court. This Rs.252 Crores corresponds to which year?

A. K. Singhal What has happened Rajesh once **APTEL** issued an order which was against us as well as given order in our favor and again that CERC went to the Supreme Court against which no stay was granted, which we can discuss separately we will share how it has happened. I would say now CERC has started including in the tariff order on account of those issues but as an abundant precaution and they have said that we have to bill once when they have issued the tariff order we have to bill it also and after billing we are getting money from the beneficiary instead of taking that as an income because we don't have any final verdict from the Supreme Court. It is only a cash flow which is coming to us. It is not adding to the revenue. Once the final verdict comes in our favor which CERC is also forwarding because in their order they have clearly mentioned it that it is subject to the outcome of the Supreme Court. So as an abundant precaution we are not recognizing that as sales.

Rajesh Panjwani But these 252 Crores in 2(f) it corresponds to which year?

A. K. Singhal It corresponds all the previous periods related started from 2004-09 not from 2009-14 because regulations are clear or amount which we have provided is related to 2004-09 period.

Rajesh Panjwani Basically for 2004-09 there are two types of amounts, so that some amount which you have provided for and some amount which you have booked as an advance from customers, so what is the difference between these two amounts?

A. K. Singhal There were two petitions before the Honourable Supreme Court, against one petition we have fully provided for, against the second petition where no stay has been granted by the Honourable Supreme Court where the regulator started passing on that benefit to us based on the actual order. On those accounts wherever we have done the billing and collected the money we are showing them as advance from customers.

Rajesh Panjwani As far as the Supreme Court ruling is concerned it is not going to have any impact on the recurrent profits, all the impact is on the past period is that correct?

A. K. Singhal Yes definitely it will be on the past period. For the current period we are recognizing income based on the CERC regulations and we recognized the sales based on the APTEL order which has been challenged by the CERC.

Rajesh Panjwani If the Supreme Court order comes in your favour or whether it goes against you it doesn't impact the recurring earnings at all?

A. K. Singhal I think it will be neutral to us, maybe if it comes it may be slightly but apparently it is neutral to us. Wherever it is in our favour it will add to our profit. So far as negative part is concerned it will be neutral.

Rajesh Panjwani But whatever is there is there only for past periods, even if it is positive. If it is negative you have already provided for. If it is positive you will get that amount, one-time profit?

A. K. Singhal It may have some consequent impact on the current tariff also which we are not recognizing at this stage.

Rajesh Panjwani And that is not reflected in these 252 Crores?

A. K. Singhal That is not reflected in to 252 Crores because that we are not recognizing.

Rajesh Panjwani Partly it maybe into 252 Crores?

A. K. Singhal No it is not in 252 Crores.

Moderator Thank you. The next question is from Nishith Jalan from Nomura. Please go ahead.

Nishith Jalan Good afternoon, I missed the couple of figures during your presentation, one was regarding the number on adjusted PAT so can you just give me the adjusted PAT numbers?

A. K. Singhal Adjusted PAT for the year or for the Quarter?

Nishith Jalan For the Quarter.

A. K. Singhal For the Quarter it is Rs.2,799.30 Crores.

Nishith Jalan You mentioned about the PLF of coal and gas, I missed out that number.

A. K. Singhal The PLF for the coal station , for the quarter it is in 93.68%, for the gas it is 72.41%, for the financial year coal station, it is 88.29%and on and for the gas station 71.77%.

Nishith Jalan My next question was our commissioning of Sipat plant, you have already synchronized when can we expect the plant to commission?

A. K. Singhal We are in the process of reaching that stage as and when that happens we will come back you.

Nishith Jalan You mentioned about the tendering status that you expect to place the tenders in the next 2 to 3 months. This is for 660 megawatts or for both 660 and 800 megawatt?

A. K. Singhal 660 as well as 800 megawatts.

Nishith Jalan What is the production target that we expect from Pakri-Barwadih in FY13?

A. K. Singhal FY13-14 or 12-13 you're talking about?

Nishith Jalan Sir FY 13.

A. K. Singhal FY13 should be somewhere around 3.5 million tonnes and then it will be ramped up in period of 3 years to 15 million tonnes.

Nishith Jalan You mentioned that the adjustment of impact of deferred tax was around 393.69 Crores. Can you just explain this?

A. K. Singhal What has happened is because of the change in the depreciation rate, we have to reassess our deferred tax liability and because of reassessment of the deferred tax liability, the deferred tax liability has increased for NTPC by Rs. 393.69 Crores.

Nishith Jalan Does it correspond to point 7(d) in your press release?

A. K. Singhal 7(d) is basically an adjustment in the deferred tax liability which we have changed. Yes it is on account consequent to 7(d) only.

Nishith Jalan And the amount be the Rs. 393.69 Crores.

A. K. Singhal Yeah.

Moderator Thank you. The next question is from Saeed Jalili form Premji Invest. Please go ahead.

Saeed Jalili Good evening sir. On the Pakri-Barwadih, you had mentioned in the last call that roughly about 58 acres of land has been required as of the 3rd Quarter. Till now what is the situation, how much have we done?

A. K. Singhal About 1993 acres of land we have acquired.

Saeed Jalili Now we have a production target for December 2012 and we have to acquire roughly about 6390.

A. K. Singhal As I said during my last call, we will not be acquiring at one go, we don't require that land in one go. That has to be got progressively

Saeed Jalili So for the 3 million tonnes when you want to start of with, how much of land would we need to acquire?

AK Singhal We would not be able to give you the numbers; I don't have those numbers at the moment.

Saeed Jalili I was reading reports where it mentioned that there has been turnaround of coal which has been very high at the NTPC coal plant levels. So there's been a plan of ordering of own wagon tipplers by NTPC to make sure that the turnaround becomes more efficient as such. Has NTPC gone ahead and placed these orders?

A. K. Singhal Yes we have gone ahead with the wagon tipplers, most of these place wherever we don't have wagon tipplers facility we will create that facility, so that decision principally we have taken.

Saeed Jalili So by when do you think these wagon tipplers will start?

A. K. Singhal Generally the wagon tipplers take about 18 to 24 months' time. Now once when we start doing it clearing out the feasible study, etc. it cannot happen in one go. It will take time.

Saeed Jalili How much investment are we doing on these wagon tipplers?

A. K. Singhal It depends on the capacity of the wagon tipplers ranging from Rs 150 Crores to Rs 250 Crores, depending on the size of the wagon tipplers, capacity of the wagon tipplers storage which we will create consequent to the wagon tipplers conserved by the same system.

Saeed Jalili For the orders that you have placed till now, that should suffice you for FY12 or would you need to do another round of awarding next year as well?

A. K. Singhal As I said based on the studies which we conduct at each station we will be inviting the bids and awarding the contract.

Saeed Jalili For which stations have we done as of now?

A. K. Singhal We have done most of the stations but it is difficult at this stage to give those numbers. Most of the places we're trying to install wagon tipplers.

Moderator Thank you. The next question is from Darshan Dodhia from ICICI Securities. Please go ahead

Darshan Dodhia I just wanted to understand, when will it be the commercial operations from Farakka unit and **Simhadri** unit, if you can give the tentative?

A. K. Singhal At this stage it is difficult, we will come back to you. Hopefully our target is that we must declare them commercial within the 1st Quarter but because of some unforeseen reasons it may get slipped by 1 or 2 months.

Darshan Dodhia Regarding commercial generation of the projected two units of **Sipat,** when we are expecting that?

A. K. Singhal We are moving forward and on our target to commission them, we will comeback.

Darshan Dodhia But is it safe to assume?

A. K. Singhal Likely date for the first of the two units is sometime in November and December and the next unit will be by the end of the year.

Darshan Dodhia If you can throw similar light on Simhadri 500 megawatts?

A. K. Singhal Simhadri 500 megawatts maybe before the end of the current calendar year.

Darshan Dodhia And Jhajjar and Vallur?

A. K. Singhal Vallur 1st unit will be sometime in October and the 2nd unit in February or March, similarly Jhajjar would also be on the similar pattern.

Moderator Thank you. The next question is from Venkatesh B from Citigroup. Please go ahead

Venkatesh B This is regarding that tariff grossing up. I believe there is a certain amount of tax element which is for the first 9 months and the difference between the full tax and MAT tax grossing up, first nine-month amount is also there in the 4th Quarter, right?

A. K. Singhal Yes that's right.

Venkatesh B So that amount is how much, is it 730 Crores or is it 490 Crores, for the first nine-months what is the quantum?

A. K. Singhal For the first 9 months it is 730 Crores and this is a gross amount.

Venkatesh B And 240 Crores is for the 4th Quarter?

A. K. Singhal Yes that is right.

Venkatesh B Now in an ideal scenario if you all along knew that you're going to do full tax grossing up for the full year your first 3 Quarters, all quarters your profit should have been higher by 240 Crores, correct each of the quarters?

A. K. Singhal I would not say 240 Crores minus tax liability on that. It is not only 240 Crores it would have slightly impacted that the additional tax liability on the other income also.

Moderator Thank you. The next question is from Nishith Jalan from Nomura. Please go ahead.

Nishith Jalan You mentioned adjusted PAT of 2781 Crores, right?

A. K. Singhal Yeah.

Nishith Jalan And this is equal to your reported PAT as well?

A. K. Singhal Adjusted PAT I did not say Rs 2781 Crores.

Nishith Jalan What is that adjusted PAT then sir?

A. K. Singhal Adjusted PAT 2799.30 Crores.

Nishith Jalan So this is almost in line with the reported PAT?

A. K. Singhal Yeah.

Nishith Jalan And how much stake of land we have acquired in Pakri-Balwadih?

A. K. Singhal 1993 acre.

Moderator Thank you. The next question is from Abhishek Anand from JM Financial. Please go ahead.

Abhishek Anand A follow up on the Farakka blending, for a fixed model number keeping, could you tell us whether we should follow a spot kind of pricing for the imported coal or have you enter into some fixed contract?

A. K. Singhal Neither we do it on the spot basis, we don't do on fixed rate basis. Our methodology is to get bids based on the prices which are indexed to the CERC in that and whenever there is a reduction in the index the prices come down. Accordingly the price of the coal is fixed.

Abhishek Anand We have read through some reports that for every 10% on blending the tariffs increases by 40 paisa to 50 paisa, if that's what NTPC does, do you agree with that kind of statement?

A. K. Singhal In our case increase in the tariff for blending around 8% is about 26 paisa. NTPC as a whole is at 7.6% so if it is 10% it should be somewhere around 35 paisa, so depending upon at what cost you're getting and where it is the statement is correct, it will be about 40 paisa increase in the tariff.

Abhishek Anand Then in case of Farakka our overall payable cost if we heard it right was round about Rs 2.79-2.8, is the figure is correct?

A. K. Singhal That is correct.

Moderator Thank you. The next question is from Alok Ramchandran from SBI Capital. Please go ahead.

Alok Ramchandran There are two questions, one is the provisioning. Why is the amount of provisioning on a year-on-year basis for the Quarter? Increase in year-on-year provisioning from 9.3 Crores?

A. K. Singhal Basically one provision which we have created, we have said that CERC is in the process of issuing the guidelines for revising the tariff provision. They have issued the draft guidelines that they will issue on the capital cost as on 1st April, 2009. So therefore keeping in mind that to be on principles of conservatism we have taken into account that those regulations are applicable and we have made provisions for tariff adjustment on account of those two years.

Alok Ramchandran And my second question was regarding the average tariff for the Quarter?

A. K. Singhal Average tariff for the Quarter would be almost in the same range as I have said for the entire year.

Alok Ramchandran Is it around close to Rs 2.4 for the Quarter?

A. K. Singhal Rs 2.87 for the Quarter 4, Rs 2.63 for the financial year.

Moderator Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor back to Mr. Anish Damania for closing comments.

Anish Damania Thank you very much, on behalf of Emkay I would like to thank you all for joining the call and have a great evening. Thank you very much sir.

A. K. Singhal Thank you.

Moderator Thank you. On behalf of Emkay Global Financial Services that concludes this conference call.