

NTPC Q4FY12 Earnings Conference Call

May 11, 2012

MODERATORS: MR. HARSH DOLE, ANALYST, IIFL CAPITAL LIMITED

**NTPC MANAGEMENT TEAM: MR. A. K. SINGHAL – DIRECTOR (FINANCE)
MR. N.N. MISRA – DIRECTOR (OPERATIONS)**

Moderator: Ladies and gentlemen good day and welcome to the Q4FY12 results conference call of NTPC hosted by IIFL Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Harsh Dole of IIFL Capital Limited. Thank you and over to you sir.

Harsh Dole: Thank you. Hello everyone and thanks for joining in on fourth quarter FY12 earnings call of NTPC. On behalf of IIFL, I welcome you all. Today we have with us management team of NTPC represented by Mr. A. K. Singhal, Director (Finance). Without taking much of your time, I now hand over the call to the management. Over to you sir.

A.K. Singhal: Thank you Harsh. A very good afternoon to everybody, I am A. K. Singhal, Director (Finance) NTPC and I have with me my colleague Mr. N.N. Misra, Director (Operations).

The company announced results for the financial year 2011-12 and the fourth quarter January to March 2012, yesterday. As you are aware, the year gone by i.e. 2011-12 was a difficult year not only for NTPC, but for the power sector as a whole. The sector was plagued by fuel shortages as well as deteriorating financial condition of SEBs. The concerns of the power sector were taken up at the highest level in the government and we saw intervention of the PMO to tackle some of the issues such as fuel availability. NTPC's performance for the year was also affected in terms of Plant Availability Factor (PAF) as well as Plant Load Factor (PLF). Even though the situation improved in the fourth quarter with PAF for the fourth quarter rising to 94.71% after a comparatively lower 85.26% in Q3 and PLF to 91.09% in Q4 from 83.59% in Q3. The improvement in the fourth quarter was not sufficient to make up for the shortfall of the previous three quarters. At the end of the year, the PAF of the coal station was 88.35% for FY12 as compared to 91.67% and PLF was 85% and 88.29% respectively for the two years.

In this background, NTPC registered a modest increase in gross generation of 0.69% over the previous year i.e. from 220.536 BUs to 222.068 BUs. The increase in the Profit after Tax for the year is 1.33% i.e. from Rs. 9,102.59 crore to Rs. 9,223.73 crore. This increase in PAT is commensurate to increase in Revenue from Operations excluding the impact of fuel cost increase.

Before I move further, I would like to inform that during the current year up till date, we have generated 25.440 BUs in comparison to 24.296 Bus registering a growth of 4.71% resulting in an existing capacity also showing a growth of 2.29% and new capacity showing a growth of 3.30%, despite the fact that during the first month of the current year, we have taken a number of units for overhaul purposes. Similarly on the coal front during the first 45 days, materialization from Coal India is at almost 100.8%.

Now coming back to the highlights for the 4th quarter as well as capacity addition and other area. So far as on capacity addition front, NTPC closed the year with highest ever capacity addition in a year of 2820 MW and surpassing the XI plan target of 9220 MW (after mid-term appraisal) against which NTPC achieved 9610 MW. NTPC's capacity stands at 37,014 MW as on 31st March 2012. Our board has given investment approval worth Rs. 20,497 crore for setting up 2 x 660 MW project each at Mauda and Solapur and 1 x 500 MW at Vindhyachal. In addition, the board of Meja Power Company has also approved investment proposal of Rs. 9,751 crore for 2 x 660 MW capacity. Awards for BTG package for the total capacity of 6860 MW have been placed in recent past. We will discuss these in detail subsequently in the call and I will now briefly mention some of the financial highlights before we discuss the performance in detail.

Corresponding quarter comparison (4th quarter January to March): Net sales for the fourth quarter ended 31st March 2012 are Rs. 16,263.56 crore registering an increase of 4.80% over previous year sales of Rs. 15,518.94 crore. Total income for Q4 of financial year 2011-12 is Rs. 17,031.82 crore, up 5.20% over Q4 of previous financial year total income of Rs. 16,190.41 crore. Profit after tax of Q4 of financial year 2011-12 is Rs. 2,593.44 crore as against Rs. 2,781.84 crore registering a decline of 6.77% over last year.

Corresponding 12 months comparison (April to March): For the year ended 31st March 2012, Net Sales have been Rs. 61,144.89 crore as against Rs. 54,874 crore in the previous year registering an increase of 11.43%. Out of 11.43% increase, primarily about 10% increase is due to increase in the fuel cost. Total income for the period ended 31st March 2012 is Rs. 64,832 crore as against Rs. 59,247.84 crore in the previous corresponding period, an increase of 9.43%. PAT for the period ended 31st March 2012 is Rs. 9,223.73 crore as compared to Rs. 9,102.59 crore in the corresponding previous year registering an increase of 1.33% which is in line with the topline growth of about 1.43% if we exclude the increase in the fuel cost of about 10% on year-to-year basis.

Sequential quarter comparison (Q4 versus Q3 of FY 2011-12): Net sales in Q4 of financial year 2011-12 were higher by 6.07% compared to Q3 ended December 2011. Corresponding variation in total income is + 4.84% i.e. Rs. 17,031.82 crore versus Rs. 16,245.42 crore. Profit after tax in Q4 is up by 21.74% when compared to the previous year quarter that is Rs. 2,593.44 crore versus 2,130.39 crore. It is evident from these numbers that performance during the fourth quarter has substantially improved because the availability of fuel increased. I would now take you through the operational performance for the Q4 of financial year 2011-12 and full year ended 31st March 2012.

Operational performance: As on 31st March 2012, the total installed capacity of NTPC group was 37,014 MW which included 4364 MW capacity owned by our joint venture subsidiary companies. The commercial capacity of NTPC group stood at 34,416 MW as on 31st March 2012. Since the beginning of current financial year i.e. FY 13, NTPC has commissioned another 500 MW unit at Mauda taking the total capacity to 37,514 MW. Also 2 units of 500 MW, one each at Farakka and Jhajjar have been declared commercial in the current financial year. This takes the commercial capacity of NTPC alone to 31,552 MW and of the group to 35,416 MW.

Units commissioned, but yet to be declared commercial are one unit of 660 MW of Sipat, three units each of 500 MW at Vallur, Simhadri and Mauda. In terms of unit generated in the year, despite the problems faced in the second and third quarter due to poor fuel availability and backing down by the beneficiaries, the total gross generation for the year 2011-12 has exceeded the gross generation in the previous year. Gross generation in the fourth quarter was up by 4.05% when compared to the corresponding quarter of previous fiscal and up 6.78% when compared to Q3 ending December 2011.

Losses due to grid restrictions: we lost 4.166 BUs in the quarter ended March 2012 as against 2.696 BUs in Q3 and 2.986 BUs in the 4th quarter of the previous year 2010-11. On a cumulative basis, loss due to grid restriction for the financial year 2011-12 is 16.107 BUs as compared to 13.227 BUs for financial year 2010-11, an increase of about 22%. The increase is mainly on account of gas stations which shows a year-on-year change of +39.67% as against the coal station which shows a year-on-year decline of (-) 0.17%. With improved availability of coal, the losses due to fuel supply in Q4 came down substantially as compared to Q3 of financial year 2011-12. As against loss of 3.784 BUs in Q3, NTPC lost 0.926 BUs in Q4 ended March 2012 for coal based stations. This is also favorable when compared to loss of 1.467 BUs in Q4 of previous FY11. However, this was not sufficient to make up for the losses suffered in the previous quarters and the yearly loss stood at 7.882 BUs in FY12 as compared to 5.096 BUs in FY11.

PLF for coal stations in Q4 of the current fiscal was 91.09%, a significant 7.50 bps over Q3 PLF of 83.59%. For the year the PLF at 85% was down 3.29 bps when compared to PLF of 88.29% in FY 11. Due to high prices of gas, there was a reduction in PLF of gas stations. In Q4 of FY 12, the PLF of gas station was 66.97% as against 72.41% in Q4 of FY 11. For the full year, the PLF of gas station was 65.22% as against 71.77% in the previous year, a reduction of 6.55 bps. The improved coal supply helped the company to declare higher availability. The Q4 PAF for coal based station was 94.71% as against 85.26% in Q3, an increase of 9.45 bps. It was lower by 1.74 bps as compared to PAF in Q4 of FY 11 which was 96.45%. PAF of gas based station continued to be high at 98.65% in Q4 of FY 12 as compared to 96.87% in Q4 FY 11. This reflected an increase of 4.18 bps over Q3 PAF of 94.47%. For the full year, PAF of gas based station was 93.81% as compared to 92.60% for FY 11.

Now I come to the financial performance. On quarter-to-quarter basis, net sales increased from Rs. 15,518.94 crore to Rs. 16,263.56 crore registering an increase of 4.80%. Other operating income increased from Rs. 76.46 crore to Rs. 97.95 crore registering an increase of 28.11%. Other income increase from Rs. 593.10 crore to Rs. 669.97 crore, increase of 12.96%. Total income increased to Rs. 17,031.48 crore from Rs. 16,188.50 crore registering an increase of 5.21%. Gross total income increased from Rs. 16,190.41 crore to Rs. 17,031.82 crore. Profit after tax reduced from Rs. 2,781.84 crore to Rs. 2,593.44 crore registering a decline of 6.77%.

Coming on to year-to-year basis, there was an increase and these numbers are already available with you. Increase in the net sales by 11.43%. Other operating income increased by about 381.02%, other income increased by 18.50%, total income increased by 12.93%. This 12.93% increase is primarily on account of fuel increase as I had already told you. The profit after tax has

increased by 1.33%. Similarly for the Q3 versus Q4, the increase in the total income is by 4.85% and profit after tax has increased by 21.74%. On an adjusted basis, the PAT for the year ended March 2012 is at the same level as for the year ended March 2011. The adjusted PAT for FY 12 is at Rs. 8,328.09 crore and that for FY 11 worked out to Rs. 8,327.97 crore. Adjusted PAT for Q4 is Rs. 2,188.11 crore as against Rs. 2,300.97 crore, a decline of 4.90% on quarter-on-quarter basis. When compared to adjusted PAT of Q3 of the financial year 2012, adjusted PAT for Q3 is Rs. 2,162.45 crore more, up by about 1.19%.

I will give you the details of adjustments. Reported PAT for Q4 was Rs. 2,593.44 crore in comparison to Rs. 2,781.85 crore for the quarter ended March 2011. The adjustments which we have made on account of previous year sales are in the current quarter (-) Rs. 184.54 crore versus (-) Rs.169.43 crore, prior period adjustment is (-) Rs. 143.37 crore versus + Rs. 203.95 crore, interest on income tax refund is 0, provision for tariff adjustment is 0 versus Rs. 263.59 crore, interest on customers is (-) Rs. 69.10 crore versus (-) Rs. 54.05 crore, interest provision written back 0, provision written back tariff (-) Rs. 4.73 crore versus 0, Minimum Work Program MoPNG Rs. 0.81 crore versus 0, provision for refund TTTS (-) Rs. 4.40 crore versus 0, fixed charges impact due to MAT 0 versus (-) Rs. 724.94 crore. Total adjustment of (-) Rs. 405.33 crore versus (-) Rs. 480.88 crore resulting in an adjusted PAT of Rs. 2,188.11 crore versus Rs. 2,300.97 crore registering a decline of 4.90% as against reported 6.77%. Similarly for the year-to-year, previous year sale adjustment is Rs. 110.94 crore versus (-) Rs. 549.79 crore, prior period adjustment (-) Rs. 313.58 crore versus (-) Rs. 1638.73 crore, interest on income tax refund (-) Rs. 44.35 crore versus 0, provision for tariff adjustment 0 versus Rs. 1,526.45 crore, interest to customers (-) Rs. 379.31 crore versus (-) Rs. 112.55 crore, interest/ provision written back (-) Rs. 198.83 crore versus 0, provision written back tariff (-) Rs. 312.88 crore versus 0 crore, income deferred tax of previous year Rs. 175.38 crore versus 0, Minimum Work Program MoPNG Rs. 41.19 crore versus 0, provision for refund TTTS Rs. 17.66 crore versus 0, provision for NHL Rs. 8.14 crore versus 0. Total adjustment (-) Rs. 895.64 crore versus (-) Rs. 774.62 crore.

Let me now give an update on various other activities: Fuel – coal - Since the beginning of 2012, fuel especially coal availability for power plants has been in news for multiple reasons, be it the new pricing mechanism introduced by Coal India Limited or direction to CIL to sign FSA on the recent model FSAs approved by CIL board. The initial hike of coal prices linked to switch over from UHV based to GCV based price mechanism would have impacted NTPC's average cost of generation by about 35% to 40%, thus further stressing the consumers. NTPC took up the matter strongly through the Ministry of Power and the rate hikes were partially rolled back with the result that the revised average impact of price hike on NTPC's cost of generation would be 4% to 5% only. Recently CIL has come out with model FSAs for units after March 2009. As you are all aware that penalty clause meant to ensure a certain level of commitment from coal companies has been diluted to such an extent that there is effectively no assurance of coal supply to the power projects. In the first phase, CIL has to sign FSAs for all the units commissioned up to December 2011. In the case of NTPC, 4300 MW having a LOA quantity of 15.78 MT were commissioned from 1st April 2009 to 31st December 2011 (980 MW at Dadri, 500 MW each at Kahalgaon, Farakka, Korba, Simhadri and 1320 MW at Sipat).

As regards coal supply to NTPC project, the higher PAF and PLF numbers in Q4 of 2011-12 indicate the improved coal supply position. The overall domestic coal received in Q4 of the current fiscal was 39.570 MMT as compared to 33.093 MMT in Q3 of the current fiscal and 34.426 million metric tonnes in Q4 of 2010-11, an increase of 19.57% and 14.94% respectively. For the fiscal 2011-12, the supply of domestic fuel is 128.981 MMT as compared to 126.717 MMT during previous fiscal.

Materialization of coal against ACQ in Q4 of 2011-12 was 103.11% (previous year Q4 was 92.46%) as against 98.62% in Q3 of 2011-12 and for the year as a whole, the materialization against ACQ stood at 97% as against 95% in 2010-11. During the current financial year up till now, we have a materialization level of 100.8%. We have received total quantity of 11.327 million tonnes of coal from Coal India. The supply of imported coal in Q4 was 2.154 MMT as against 2.593 MMT of Q3 and 2.374 MMT in Q4 of FY 11. For the whole year coal import in 2011-12 stands at 12.003 MMT as compared to 10.604 MMT in FY 2011, an increase of 13.19%. Coal consumption in Q4 FY 2012 increased to 38.633 MMT from 35.230 in Q4 FY 11 and 35.974 MMT in Q3, an increase of 9.66% and 7.39% respectively. For the fiscal 2011-12, coal consumption was 141.133 MMT as compared to 136.957 MMT during 2010-11. Correspondingly, the blending percentage of imported coal has also increased. This stands at 8.51% for FY 12 as against 7.74% in FY 11. Blending in Q4 FY 12 was 5.34% as against 6.43% in Q4 FY 11. In January 2012, NTPC directly awarded contracts of 4 MT for coal imports. It is estimated that the direct contracting has resulted in price benefit of 15 to 23% over last procurement. Supplies under the new contracts have started in March 2012. Subsequently, NTPC has invited tenders on ICB basis for import of 5 MMT coal. Bids are likely to be opened in May 2012.

Regarding progress on transport of coal to Farakka through inland waterways, orders have been placed by the operator Jindal ITF for procurements of shore cranes and construction of ten new barges. Contracts for trans-shipper and EPC contractor for coal conveyer and jetty have been awarded. After the cabinet approval on transfer of 12.73 acres of land of Farakka Barrage Project to NTPC in December 2011, lease deed for the same has been executed between NTPC and FBP on 12th January 2012.

NTPC is also in discussion with IWAI for transportation of 3 MMTPA imported coal through National Waterway-1 to Barh and 0.5 MMTPA to Bongaigaon through Indo-Bangladesh Protocol Route.

Coming on to gas, in Q4 of 2011-12, gas station received 13.41 MMSCMD as against 14.23 MMSCMD in Q3 of 2011-12 and 13.67 MMSCMD in Q4 of the previous year. Gas procured on spot basis during Q4 financial year 12 is 0.48 MMSCMD, Long-Term RLNG is 1.74 MMSCMD, KG-D6 gas is 1.42 MMSCMD, 9.77 MMSCMD was received under APM plus PMT mechanism and Non-APM gas. During the fiscal 2011-12, gas station received 13.09 MMSCMD as against 13.77 MMSCMD during previous year.

Coming on to the coal mining, cumulative expenditure of Rs. 750.45 crore has been incurred on the development of the five mines allocated to NTPC up to March 2012. The status of progress of coal mine is as follows; Pakri Barwadih: MDO has started the construction activities, boundary wall of the core shed under construction. A revised mining plan for 15 MMTPA capacity in 3 years submitted to MoC on 20th March 2012. For establishment of Hazaribagh-Banadag railway link, NTPC conveyed decision to ECR for funding construction job of Hazaribagh-Banadag section through ECR. Railways to resume work on Hazaribagh-Banadag link. In the meeting held on 01.02.2012 at MoP, Railways indicated readiness of this link by January 13. Meeting with ECR was held on 03.04.2012 for early resumption of work. ECR headquarter awaiting decision from Railway Board regarding transfer/ lease of land to NTPC. Of the total land requirement of 8507.54 acres, payment has been made for 4290.26 acres and land in physical possession is 2596.14 acres. Cumulative expenditure incurred is Rs. 548.98 crore.

For Chatti Bariatu, Stage II forest clearance received on 25th November 2011. Compliance to stage II clearance submitted on 20th January 2012 to DFO. Award for appointment of the MDO is ready and has in-principle approved by the board. Of the total land requirement of 1,589.98 acres, payment has been made for 651.37 acres of land. Cumulative expenditure incurred till March 2012 is Rs. 66.19 crore.

Kerandari coal mining, Stage I forest clearance accorded by MoEF on 01.02.2012. Appointment of MDO - Principle Strategic-cum-Technical Consultant appointed on 24th February 2012, will assist NTPC for preparation of scope of work, bid documents etc. So far payment towards 460.58 acres of land has been made.

Dulanga coal mining project, Mining plan was revised as advised by MoEF for considering this block in Go-area and submitted to MoC on 17th October 2011. Discussed in the meeting of standing committee of MoC held on 8th February 2012. Reply to the observation of MoC submitted on 11th April 2012. MoEF accorded in-principle environment clearance on 22nd March 2012. Formal clearance will be after stage-I forest clearance. Forest clearance proposal forwarded from RCCF to PCCF on 22nd March 2012. Land under the LA act and Government land applications have been submitted through IDCO.

Talaipalli coal mining project, MoEF accorded in-principle environment clearance on 25th January 2012. Formal clearance after stage I forest clearance.

Chatti Bariatu (South) mining plan prepared and submitted to MoC in September 11. The same has been returned pending revocation of the de-allocation of the mine. Preparation of feasibility report, Nalla diversion, EIA/EMP studies, slope stability and socioeconomic survey are under progress. MoC via letter dated 27th January 2012 conveyed in-principle withdrawal of de-allocation of NTPC Chatti Bariatu, Kerandari and Chatti Bariatu (South) coal block. NTPC vide letter dated 6th February 12 submitted schedule for development of these coal blocks to MoC.

NTPC continues to realize almost 100% of its dues from SEB within this stipulated time frame for the 9th year in succession. We have introduced a new rebate scheme for FY 2012-13. As per

the scheme, a customer who pays the full monthly bill within the same calendar month would be entitled to a rebate of 2% if the amount is credited to NTPC account on or prior to 6th day of the same calendar month. This amount of rebate will gradually reduce from 1.967% to 1.175% in case if payment is made on 7th day going up to 31st day of the month. For other customers who do not pay the full monthly bill during the same calendar month, the rebate shall be 2% if the amount is credited through NTPC account on a prior to 6th day of the same calendar month, thereafter the rebate shall gradually reduced from 1% to 0.20% from day 7 to day 55 and no rebate shall be available thereafter.

Sundry debtors as on 31st March 2012 are Rs. 12,289.31 crore. This translates to 73 days sales as compared to 69 days sales as on 31st March 2011 and 78 days as on 31st December 2011.

The servicing of the bonds under the one-time settlement scheme is being made on time. During the year, bond to the tune of Rs. 1,628.83 crore were redeemed. The outstanding bond as on 31st March 2012 was Rs. 6,533.44 crore. As per schedule, the interest amounting to Rs. 382.33 crore and Rs. 347.24 crore due on 1st April 11 and 1st October 11 were received in time. An amount of Rs. 312.14 crore due towards interest up to 31st March 2012 has also been received on 3rd April, 1st and 2nd being holidays.

Fund mobilization: In Q4, a new term loan agreement for Rs. 500 crore was entered into. With this, the cumulative amount of domestic loan tied up till March 31st 2012 is Rs. 59,799.35 crore. The cumulative withdrawal up to 31st March 2012 is Rs. 37,479.35 crore including withdrawal of Rs. 5,214 crore made in 2011-12. Therefore, we already have tied up loans amounting to Rs. 22,320 crore from domestic bank for financing the CAPEX. Besides we would be in a position to issue domestic bond to the extent of about Rs. 25,000 to Rs. 30,000 crore at any point of time. During the Q4, bonds amounting to Rs. 575 crore has been issued. Rs. 500 crore bonds have been issued to institutional investor and Rs. 75 crore bonds issued to Army Group Insurance Fund. During Q4, two term loan facilities of USD 100 Million and EURO 72.5 Million had been tied up with Mizuho Corporate Bank and KfW respectively. Average cost of borrowing for financial year 2011-12 is 7.7092% as compared to 7.2985% for the previous year.

Coming on to capacity addition: Unit I of 500 MW at Vallur was commissioned on 28th March 2012, Simhadri Unit IV of 500 MW commissioned on 30th March 2012. With this, 2820 MW have been commissioned in FY 2011-12 (Sipat 2 x 660 MW, Jhajjar, Vallur and Simhadri 3 x 500 MW). Total 1160 MW has been declared commercial in FY 2011-12 (Sipat unit I of 660 MW declared commercial on 1st October 2011 and Simhadri unit III of 500 MW on 16th September 2011). As already mentioned, in FY 13, one unit of 500 MW each has been declared commercial at Farakka and Jhajjar till date.

As of 31st March 2012, the capacity under construction was 14,333 MW after including 3 x 800 MW units of Kudgi and excluding 2 x 660 MW each ordered for Solapur and Mauda. Subsequently, awards have been placed for Meja Thermal Power Project as well as 500 MW unit at Vindhyachal. Thus the capacity under construction as on date is 18,298 MW after the commissioning of 500 MW unit in Mauda in the current year. An amount of Rs. 15,954.42 crore

was spent in 2011-12 towards CAPEX expenditure out of the total RE of Rs. 17,411 crore. In addition, an amount of Rs. 3,941.96 crore has been spent at JV/subsidiary companies (excluding an expenditure of Rs. 680.31 crore considered in NTPC's CAPEX). Regarding North Karanpura, the Group of Ministers cleared the way for setting up the power plant at the proposed site with safeguards. It has been decided that the power plant life would be 35 years and it was agreed that Ministry of Coal would restore the original linkage granted to the project. In the current year i.e. FY 13, CAPEX utilization has been robust so far. Till April 2012, NTPC has spent Rs. 1,373 crore against the BE for the year of Rs. 20,995 crore.

NTPC plans to have a portfolio of about 1000 MW capacity through renewable energy sources by 2017. Power Purchase Agreement(PPA) for 10 MW Solar PV project at Unchahar signed with DVC on 6th January. PPA for 10 MW Solar PV project at Talcher Kaniha signed with DVC on 6th January. Foundation stone for 5 MW Port Blair Solar PV project at Andaman and Nicobar laid on 10th February 2012. LOA of 5 MW Dadri Solar PV project issued on M/s Wipro Limited. Techno-commercial bids of 5 MW Faridabad Solar PV project opened on 27th March 2012. Techno-commercial bid of 10 MW Ramagundam Solar PV project opened on 30th March 2012. 2 x 20 KW Nakia Micro-Hydel DG project commissioned on 27th March 2012.

In the board meeting yesterday, the board of Directors of NTPC has approved the scheme of amalgamation of NHL Limited with NTPC subject to compliance of companies act and approval of Ministry of corporate affair, shareholders and stock exchanges.

Coming on to joint ventures, the second unit of 500 MW at Aravali was commissioned on November 05, 2011 and it started commercial operation on 21st April 2012. Meja Urja: Award for both SG&TG have been placed. The work has started on the project. NTPC Tamil Nadu: first unit of 500 MW commissioned on 28th March 2012. ICVL: NTPC board has accorded approval for withdrawal and decision has been conquered by the Ministry of Power. A letter communicating the decision has been sent to ICVL. RGPPL: LNG terminal has mechanically completed renovating completion of dredging work for receipt of LNG cargo and commissioning of LNG project. Coming on to our subsidiary, NVVN: NVVN traded 8200 MUs during the period April-March 2012 as against 6933 MUs traded during 2010-11. The target for the year was 6 BUs. Ash business, 37.82 LMT of ash was traded during the period April to March 2012 against target of 27.20 LMT for 2011-12. During 2011-12, the revenue from ash business is Rs. 83.56 crore. Traded in 209 MT of Cenosphere against the target of 300 MT for 2011-12. Cross border trading with Bangladesh: The Power Purchase Agreement for supply of 250 MW power from NTPC stations has been signed between NVVN and BPDB on 28th February 2012. The power supply under the PPA will commence from July 2013 and the power will be allocated out of the unallocated power available with government of India. On the Jawaharlal Nehru Solar Mission, power purchase agreement has been signed with 27 Solar Power Developers for a total capacity of 340 MW. Notification for allocation of power from unallocated quota of NTPC coal station was issued by Ministry of Power on 13th October 2011. NESCL: 6 projects at Kahalgaon, Unchahar, Tanda, Rihand, Singrauli and Vindhyachal were awarded under provision of supply of electricity in 5 km area around NTPC power plants. Total 8 projects have been awarded till March 2012. 2470 un-electrified and de-electrified villages have been energized which is our

highest in a quarter. Cumulatively 12,843 un-electrified and de-electrified villages have been energized till March 2012. 2.61 lakhs below poverty line rural household connections were provided during financial year 2011-12. Cumulative progress till 31st March 2012 is 14,706 UE/DE villages, 14,861 PE villages and 25,84,377 BPL connections.

Coming on to the international business joint venture agreement to be signed between NTPC and Bangladesh Power Development Board has been signed on 29th January 2012 for 1320 MW Khulna power project. Sri Lanka: Draft coal supply agreement sent to Ceylon Electricity Board for their acceptance. Feasibility report is under finalization. Land lease agreement is under vetting and approval by the Sri Lanka government. These are some of the highlights I wanted to give before the question and answer session begins. Thank you very much.

Moderator: Thank you very much sir. We will now begin with the question and answer session. Participants if you wish to ask a question, you may press * and 1 on your touchtone telephone. Participants are also requested to use only handsets while asking a question. Our first question is from the line of Harish Bihani of RBS. Please go ahead.

Harish Bihani: Hello. Good evening sir. Sir I have a small request before I ask my question. Basically if you see the complexity in the size of the company is increasing day by day. So in case we can have a small analyst press release with all the data points as you have mentioned, it would be great, it would help us significantly sir.

A.K. Singhal: Okay, we will look into it and come back.

Harish Bihani: Thank you so much sir. Sir my first question is on the commercial capacity addition. If I look at the 11th plan, it seems that we have done 6.25 GW. So what is the target for the 12th plan and specifically on the bulk tender projects if you can please check the expected COD dates for each of the individual projects and also what are the clearance pending for some of the key bulk tender projects if you can highlight this?

A.K. Singhal: So far as 660 MW bulk tender project for NTPC are concerned, 2 units at Solapur, Mauda and Meja each have been awarded. There is no approval which is pending, all the approvals are in place. Even for the 3 unit of 660 MW at Nabinagar, all the approvals are in place. Part of the land has been acquired though we don't have the physical possession of land. The moment land comes in possession, we would be able to award the contract. Coming back to the 800 MW, for Kudgi, we have already awarded 3 units of 800 MW and we have all the clearances available and the land is in possession. For other 3 projects of 2 x 800 at three locations, there are certain issues. Regarding Lara, we are at an advanced stage of acquiring the land. There are issues at Gajmara and there is one more location Darlipalli, we are also in the process of acquiring land. So therefore other than these 6 units of 800 MW, we are confident that we would be able to award it all by the end of this calendar year. Already as I said in my brief, we have made awards for 6860 MW and the one good thing which is happening with 660 MW units is that all the three sites are ready for starting the erection of boiler and turbine. Contractors can straight away go ahead with the foundations for the boiler and turbine.

Coming back to your basic question of 12th plan target, out of the in-principle approval which is available by Ministry of Power of 75,000 MW of capacity to be added in country as a whole, our target is 11,878 MW of capacity. That capacity will definitely come during XIIth plan period plus we have a 2,160 MW of capacity which is a spillover from XIth plan to XIIth plan. So 11,878 plus 2,160 MW that makes about 14,000 MW of capacity. Besides we are hoping that we would be able to bring in 2 units each of 660 MW if everything moves smoothly and in tandem and contractors delivers in time. But for the purpose of our commitment to the analyst community this time, we don't want to overcommit and then show under performance. Therefore we are committing that we will definitely do 11,878 MW plus 2,160 MW during the 12th plan and let us move forward and see depending upon the progress and the construction of 660 and 800 MW, we will come back and tell you at what stage 660 MW and 800 MW units will get commissioned.

Harish Bihani:

So the best case is basically 2 units of 660 could come in from that bulk tender...

A.K. Singhal:

From the bulk tender, I am not saying. I am saying 2 units at all the locations because the award has gone to a separate contractor. Fortunately this time the advantage is that the award has not gone to a single contractor. So therefore supply will not be affected because earlier BHEL used to be a common contractor at all location. Now each contractor will be continuing manufacturing the units. But at this stage we do not want to commit those things. We do not want to say we will do X number of MW and tomorrow we come back that sorry, we could not do it because it has not happened. So let us move forward and we have been talking to all the investors and saying that we will do during XIIth plan period, 11,878 MW of the plant which are construction and 2,160 MW which are spillover from the XIth plan.

Harish Bihani:

Fair enough sir. My second question would be on the other income including other operating income. This was around Rs. 37 billion in this particular year which is an increase of 47% Y-O-Y. So in case if you can give breakup of the other income including other operating income and specifically the interest from customers for the direct finalization?

A.K. Singhal:

This is about Rs. 590 crore we have billed to the customer on account of tariff finalization interest filling.

Harish Bihani:

And sir any other one-time kind of?

A.K. Singhal:

There are no other one-time, other kind of..

Harish Bihani:

There was some IT refunds, I recall there was some one of...

A.K. Singhal:

There is about Rs. 66-67 crore interest on IT refund which has come and there is an incremental interest which we have earned because of our weighted average earning on surplus cash has gone up by about 2.85%. That has resulted an increase of about 433 crore. So these are the three basic main areas whereby other income has gone up.

Harish Bihani:

So just to understand correctly Rs. 433 crore is because of this increase of our interest by 2.85%?

A.K. Singhal: Yes.

Harish Bihani: And what is the interest rate sir?

A.K. Singhal: Our weighted average earning on the interest was 9.77%.

Harish Bihani: And any outlook for this particular fiscal year?

A.K. Singhal: Hopefully at present whatever surplus fund invested, we are earning more than 10%.

Harish Bihani: And sir my last question would be on the data in the annual report FY11, you had said that you had done bilateral agreements with SECL and ECL to supply 5 million tonnes and 2.5 million tonnes at higher than notified price. Now has something materialized in this particular fiscal year? How are things going? Have you signed anything else?

A.K. Singhal: At present, it is not there, but we will definitely finalize these arrangements with them.

Harish Bihani: So basically the key concern of investors have been how will you manage the incremental coal situation which is happening and also on the new projects given the Coal India FSAs which is there, that is the key concern which is coming from all the investors. So in case we can have a detailed highlight on this particular issue, what are we doing on the incremental projects in terms of the coal requirement and how will we solve the issue. That will be great sir. Thank you.

A.K. Singhal: You look at the data that during the first 45 days, our materialization level has been 100% because Coal India would also like to supply coal to NTPC. NTPC is the only customer who makes payment to Coal India in advance and then the second quarter, third quarter was the most difficult period when there were heavy rains, mines were flooded with water. They were not able to produce the coal. Out of the 15 coal based power stations, 10 coal based power stations are captive pit head stations where coal comes from the coal mine which is located in a distance of 15 km to 85 km and as we have always said that the gap between the total coal requirement and supplied by Coal India is being substituted with the imported coal and with our tender as I said that we have been able to tie up coal with the reduced quantity, reduced prices which ranges between 15 to 23%. If we look at the entire year, incremental cost for the imported coal blending is just 30 paise which is affordable by the State Electricity Board and hopefully we are confident that during the current quarter, the same trend should continue and some action would be initiated by government so far as health of SEBs is concerned and instead of resorting to the blackouts, they will buy power which is available with us.

Harish Bihani: Sir if I may ask one more question. Why was this delay between commissioning and commercialization for Farakka Unit VI by almost one year?

A.K. Singhal: I think for this, we can discuss separately. There were issues which we have completed now and we would like to declare it commercial when we are fully prepared that we would be able to operate the unit.

Harish Bihani: Okay sir, thank you so much sir.

Moderator: Thank you very much. Ladies and gentlemen in order to ensure that the management is able to address all questions from the participants, please limit your questions to one question per participant. Our next question is from the line of Pranav Gokhale of Religare Asset Management. Please go ahead.

Pranav Gokhale: Sir this question is on the total capacity. If I understand, 11th five-year plan, your target was to deliver 22 GW?

A. K. Singhal: You see, that is why I said this time we don't want to overcommit, but if you look at the Government of India plan, in the midterm appraisal out of 72,000 MW, our target was 9,210 MW only as against that we have delivered 9,610 MW.

Pranav Gokhale: Okay. So it is about 8,000 MW if I remove the units which have just not commissioned technically?

A. K. Singhal: What is that?

Pranav Gokhale: Out of the units which have come in, but not commercialized, you are including those units as well when you are talking about those...?

A. K. Singhal: When we talked about commissioning, it is commissioning only. The target of the planning commission and Ministry of Power is also related to the commissioning where the unit has achieved the full load.

Pranav Gokhale: So when you stated the original 22 GW, this additional 11 GW are just a portion of these 22 GW?

A. K. Singhal: As I had been explaining earlier also, we could have done better, but because we landed up into contractual issues with the contractors. Our 3 units of 660 MW at Barh, 3 units of 660 MW at Sipat and Koldam project got stuck up. We could not take-off Kawas and Gandhar which was part of our 11th plan because of non-signing of fuel supply agreement. We could not take-off North Karanpura because the site was not finalized. So if you add all these together, you would come to know that we would have reached at the same level, but that is why the Ministry of Power also reduced during the midterm appraisal looking into our position the target to 9210 MW.

Pranav Gokhale: Could you just highlight what could be your target for FY13 and 14 out of this 9210 GW which you are talking for the entire 12th plan?

A. K. Singhal: 2012-13, our target is 4,160 MW, including 2,160 MW as the spillover for the 11th plan.

Pranav Gokhale: Okay. So FY 2013 you expect about 4,160 MW to be commissioned totally?

A. K. Singhal: Yes.

Pranav Gokhale: Okay sir. Thank you sir.

Moderator: Thank you very much. Our next question is from the line of Dheeraj Devata of ICICI Prudential Asset Management. Please go ahead.

Dheeraj Devata: Hi sir. I wanted to get some more details on this target of 11,878 MW and 2,160 MW and how much of this would be at standalone and JVs?

A. K. Singhal: JVs will be only Vallur that is in Tamil Nadu, Nabinagar with Bihar, Jhajjar with Delhi and Haryana and Muzaffarpur again with Bihar.

Dheeraj Devata: So roughly around 3 GW, 3.5 GW would be JV level right?

A. K. Singhal: Around 3.

Dheeraj Devata: Around 3 GW would be at JV level and the rest would be at standalone?

A. K. Singhal: Right.

Dheeraj Devata: Okay. Thanks a lot sir. I will come in line if I have another question.

Moderator: Thank you very much. Our next question is from the line of Abhishek Anand of JM financials. Please go ahead.

Shubhadeep Mitra: Good evening sir. This is Shubhadeep Mitra here. I have one question which is what is our current regulated equity?

A. K. Singhal: Our current regulated equity is approximately Rs. 28,000 crore.

Shubhadeep Mitra: Okay and last year how much?

A. K. Singhal: Rs. 27,200 crore.

Shubhadeep Mitra: Sorry sir, could you please repeat?

A. K. Singhal: Rs. 27,200 crore.

Shubhadeep Mitra: Right and in FY11, how much was that?

A. K. Singhal: You can work it out. It would be roughly around Rs. 24,000 crore, I don't have the numbers at this moment.

Shubhadeep Mitra: Fine sir, not a problem. Thank you so much.

- Moderator:** Thank you very much. Our next question is from the line of Prakash Goel of ICICI Securities. Please go ahead.
- Prakash Goel:** Good evening sir. Just wanted to find out as per the CERC regulation, the inflation which was allowed in the O&M was close to 5.72% whereas when we go through your annual report, we are finding the inflation rate is much higher and we understand there is a difficulty petition which has been filed to CERC.
- A. K. Singhal:** There is now the fixed charges you should look at it that there are some new units which have been declared commercial during the current year. If you see from what the fixed charges which we have recovered last year and in the current year, there will be definitely 5.72% increase and this 5.72% increase that is only in O&M cost. So for return on equity, some of the units where there are fresh orders which have come, last year, we were not accounting for based on 95% of the fixed charges which they have issued the tariff order in the current year. So there may be some changes in the realization during the current year which we have accounted for in the current year.
- Prakash Goel:** No. What I was trying to understand sir, this wage inflation and other inflation has been higher than what has been envisaged in 2009?
- A. K. Singhal:** No it is not. We continued to get at the same level, 5.72%. There is no change. The inflation rate is constant for the period of 5 years that is 5.72%.
- Prakash Goel:** What I was trying to understand your actual expenditure is at an inflation rate which is higher than what has been envisaged in 2009. On that account, there is an under recovery, are you planning to file a difficulty petition and what is the status of this if in case you have submitted that?
- A. K. Singhal:** We cannot file a difficulty petition. We have to manage our own expenditure within the percentage which they have given.
- Prakash Goel:** So the next revision will only happen in 2014?
- A. K. Singhal:** Yes.
- Prakash Goel:** And could you give us a sense in terms of how much would be the under recovery on account of the inflation being higher than what has been allowed at by the CERC?
- A. K. Singhal:** If I would say there is no under recovery, what is your answer?
- Prakash Goel:** That answers my question if you give that answer.
- A. K. Singhal:** There are certain over recovery also. There are savings also. So let it be left to the organization to work. Ultimately at the end of the day, what numbers we are showing is more important.

Prakash Goel: Sir, very true. I realize that by doing some calculation in 2009, there was a major re-alignment because of the inflation being higher than what was envisaged in 2004. So I was expecting in 2014 are we in for any kind of surprise in terms of the positive surprise for the company?

A. K. Singhal: It would definitely be a surprise, when the inflation is at 11%, we will expect that 11% escalation is allowed by the regulator.

Prakash Goel: Okay. So that is what I wanted to understand. Thank you.

Moderator: Thank you very much. Our next question is from the line of Sumangal Nivetia of Macquarie. Please go ahead.

Inder: Hello sir, this is Inder here from Macquarie. Sir, my first question is on you have mentioned that the coal availability has improved, but in case there are certain periods when coal availability actually dips, was there any discussion that you had with regulators regarding in case of coal not being available, would the plant still be shown as available or would ...?

A. K. Singhal: As per the regulation, fuel is the responsibility of the generator. Therefore, we have gone with our difficulty petition for Kahalgaon and Farakka and regulator has rejected it.

Inder: Okay. So clearly there would be linkage between PLFs and PAFs?

A. K. Singhal: Definitely.

Inder: Okay. Secondly in terms of incentives, could you share what were the incentives booked in Q4?

A. K. Singhal: As you know that we don't share these numbers because of our commercial compulsions.

Inder: And in terms of this year itself, which all the plants you think would be commissioned or declared as COD?

A. K. Singhal: The plants which are likely to be declared COD in this coming year would be... commissioned or COD you are looking for?

Inder: Whatever, commissioned is fine with us.

A. K. Singhal: Commissioned will be Rihand, Vindhyachal, Vallur, Mauda, and Sipat IIIrd unit.

Inder: Okay. And this is FY13?

A. K. Singhal: Yes.

Inder: Okay. If I may squeeze in last question, your mentioned number was 14,000 MW being the total target, this is for the NTPC group, or NTPC standalone?

A. K. Singhal: NTPC group.

Inder: Yes. Thank you.

Moderator: Thank you very much. Our next question is from the line of Mohit Kumar of Antique Capital. Please go ahead.

Mohit Kumar: Hello, good evening sir. Sir, there are likely COD of now 2.1 GW which has not been commercialized till date and the likely COD of Rihand Vindhyachal, Vallur, Mauda, and Sipat?

A. K. Singhal: See the regulator has recently announced that the maximum time gap between commissioning and COD is about 6 months which we are allowed to inject in some power into the grid. So it will definitely happen within this time.

Mohit Kumar: Okay, do you expect to gross up at the MAT or at the corporate rate at this year?

Renu Narang: Mohit, we will be grossing up at corporate rate.

Mohit Kumar: Okay, thank you very much, that's it.

Moderator: Thank you very much. Our next question is from the line of Rakesh Vyas of HDFC Mutual Fund. Please go ahead.

Rakesh Vyas: The total other income, including the operating income in the current quarter is somewhere around Rs. 770 crore whereas in the last three quarters that run rate has been anywhere around Rs. 910 crore to 1000 crore. So any specific reason why we have seen this decline, although the interest rate on the deposits which would have made had still remained high?

Renu Narang: We will just let you know about the quarter-on-quarter variations, can we move on to the next question we will come back to this quarter to quarter variation.

Rakesh Vyas: Sure ma'am. Secondly even on this tax rate part, this quarter tax rate has seen at around 29%. So can you just highlight as to why such a significant high rate?

Renu Narang: What was the tax rate in the previous quarter?

Rakesh Vyas: Last quarter was 17% and prior to that it was around 25 to 26%.

Renu Narang: The tax rate is based on whatever is the quarterly profitability.

Rakesh Vyas: So there are no one-offs in that sense?

Renu Narang: No one-offs.

Mohit Kumar: Okay, thank you very much.

Moderator: Thank you very much. Our next question is from the line of Anirudh Gangahar of Nomura. Please go ahead.

Anirudh Gangahar: Thank you for the opportunity, can we actually please get the number, the target number of the COD capacity for this year on a standalone basis, if possible. One clarification, you mentioned that the coal mines has been actually officially restored back to you sir. And now you can actually go ahead and make the award or are we still waiting for some formal communication from the MoC in this respect?

G .K. Sadhu: I will answer the second question first. As far as the coal mines are concerned we have got an in-principle letter from the Ministry of Coal restoring the allocation and in that they had requested for a timeline schedule for balance of work to be done which we have furnished so we are waiting for a formal letter before we can restart work on these mines.

Anirudh Gangahar: Any timelines for this letter which has been indicated to because it is impeding our progress on the remaining coal blocks quite dramatically?

G. K. Sadhu: We expect it very shortly.

Anirudh Gangahar: All right sir.

G. K. Sadhu: I think the first question was on COD?

Anirudh Gangahar: Yes on the wholly owned unit?

G. K. Sadhu: The wholly owned units are Rihand, Vindhyachal, Mauda, and Sipat.

Anirudh Gangahar: How much capacity on each, Rihand, Vindhyachal, Mauda, we are talking about all three units?

G. K. Sadhu: No. one-one unit.

Anirudh Gangahar: Okay and Sipat also concerned second and the third unit sir?

G. K. Sadhu: Yes. And one of Simhadri, 500 MW.

Anirudh Gangahar: Right, thank you very much.

Moderator: Thank you. Our next question is from the line of Rajesh Panjwani of CLSA. Please go ahead.

Rajesh Panjwani: Good afternoon. My first question is this time, the difference between the standalone and the consolidated profit is over Rs. 500 crore which is substantially higher than the previous year. So can you explain why is that?

G. K. Sadhu: The main reason for the increase in profit is because of RGPPL profits coming up much higher than the previous year. The second is the profit from one of our subsidies, NVVN.

Rajesh Panjwani: Okay, is this sustainable going forward?

G. K. Sadhu: The one of NVVN is a one-off trend. NVVN has gone up by about Rs. 111 crore. This is going to be a one-time thing whereas RGPPL would be a sustainable where the bulk of the increase has come.

Rajesh Panjwani: And how much was RGPPL?

G. K. Sadhu: RGPPL was Rs. 343 crore.

Rajesh Panjwani: That is sustainable?

G. K. Sadhu: That is sustainable. There was a question on the interest thing which I just want to respond to. The interest in the quarter has come down marginally from Rs. 700 crore to about Rs. 670 crore, other income and this would be primarily because of the reduction in my total investments in mutual funds and fixed deposits to meet my CAPEX requirement.

Rajesh Panjwani: Okay one more question from my side, which is can you quantify to have a 90% PLF over the next couple of years. What kind of coal requirement would you have and how are you going to meet this?

G. K. Sadhu: I would request our Director (Operations) to respond to this?

N. N. Misra: See our FSA's for the units commissioned before March 31st, 2009, have a trigger level of 90%. So there is definitely a commitment of Coal India to give us coal for all units commissioned before March 2009. Units commissioned after 09 the revised trigger level as it has come out in papers and as indicated by Coal India is different but we would definitely supplement the balance by importing coal and of course there is an incentive for Coal India to give us more coal. So both these actions will result in our targeting a 90% PLF as far as coal is concerned.

Rajesh Panjwani: Can you give us what is the exact requirement of coal in million tonnes for the capacity you would have in FY13 and FY14?

N. N. Misra: It will be about 164 million tonnes.

Rajesh Panjwani: For FY13 and for FY14?

N. N. Misra: It will be 180, I think I do not have the ready-made figures of FY14 but I will come back to you on this.

Rajesh Panjwani: Okay, thank you.

Moderator: Thank you very much. Our next question is from the line of Abhishek Puri of Deutsche Equities. Please go ahead.

Abhishek Puri: Thank you so much getting the opportunity, first just couple of data points. One on the plant availability factor for gas based station for FY12; I'd missed out on that number?

N. N. Misra: 93.81%.

A. K. Singhal: That was for the entire fiscal, for Q4 it was 98.65%.

Abhishek Puri: Just one more data point on the debtors which are outstanding for more than six months?

A. K. Singhal: In fact, we have a negligible amount of debtors in excess of six month I think it is not a material figure it is about Rs. 2 crore only some materials which is outstanding.

Abhishek Puri: Just two questions, very structural questions on, first of all we have declared commercial the Farakka Unit this year. Already we are facing coal shortages both at Farakka and Kahalgaon, as far as our requirement is 27 million tonnes and we're getting only 15 million tonnes out there and additional unit will actually put pressure on the overall availability factors for these two projects locations in FY13, how are we going to tackle this and are there any changes in the procurement policy that we have thought out for FY13?

A. K. Singhal: As far as coal is concerned for Farakka and Kahalgaon in addition to about 15 million tonnes that we have got last year, this year there is a supplement from the railway system itself where we are taking coal from other coalfields to Farakka and Kahalgaon. And in addition to that, as mentioned earlier, we have tied up with the inland waterways system to take coal along the waterways up to Farakka where we are building a Jetty, so these are the supplementary work which we are doing which will ensure availability of adequate coal to both Farakka and Kahalgaon to maintain our availability factor.

Abhishek Puri: Okay will this jetty be ready in FY13 and how much quantum of coal are we expecting here?

A. K. Singhal: 3 million tonnes coal we are expecting.

Abhishek Puri: That is in FY13?

A. K. Singhal: 3 million tonnes per annum but whether it will come in FY13-14 yes, definitely not '12-13.

Abhishek Puri: Okay so it will come in FY14 you are trying to say?

A. K. Singhal: Yes.

Abhishek Puri: The other question I wanted to understand is one dichotomy basically that both coal and gas availability in the country has been reducing. But if I look at your numbers, the availability factors in gas has still been maintained at very, very good levels close to 93.8%-94%, whereas

coal availability has come down from 92 to 88%, what are the exact reasons for the same is it because of the logistical problems or..?

A. K. Singhal: It is not entirely because of logistics problem because our all the gas based power project are dual fired project we can declare availability on naphtha as well as gas. We take four types of fuel likely we have the gas which comes from the ONGC offshore, we have the KG-D6 gas, we buy gas on spot basis, RLNG we buy it on spot basis as well as on best endeavor basis we have done with GAIL and GSPC. Whenever we need and it is at a market price and based on that assurance available back-to-back assurance and plus we have the naphtha storage tanks, which we have tied up at the backend with the oil refineries whenever we fire naphtha, naphtha would be available to us. Based on all these four fuels we always declared availability which is almost close to 93-94-96% availability and whenever they have asked us to demonstrate during the peak hours we have demonstrated to them also that we have been able to generate at those levels. Coal is one of the fuel for which unless we have the stock available at the coal we may not be able to declare. LNG has to come through pipelines it need not to be stored and once we have the assurance from the supplier of the gas on back-to-back basis, and we give them the supply schedule they accordingly flow and we can open our meter and start using the gas which may not be the case in case of coal.

Abhishek Puri: Sir, that is an interesting thing, I think you have done a fantastic arrangement in terms of the gas availability but why can't that be replicated in coal we have seen 0 to 15 days of inventory at most of our plants, why that inventory cannot be stacked up for the situation that we face say in the quarter 3 of last year?

A. K. Singhal: If you look at the present, in some of the stations we have an inventory for as many as 44 days, 30 days we are trying to build up inventory in the current year to ensure that we do not face the similar situation as last year.

Abhishek Puri: This year can expect the coal imports to be higher than the last year and by how much quantum which you can give a broad number?

A. K. Singhal: We have a target to import about 16 million tonnes of coal in the current year.

Abhishek Puri: And would that be adequate to meet the plant availability factor that we have achieved last year, 88%?

A. K. Singhal: I think our target is to improve the availability not to restrict only to 88%.

Abhishek Puri: Fair enough. All the very best for the next year.

Moderator: Thank you very much. Our next question is a follow-up question from the line of Dheeraj Devata of ICICI prudential Asset Management. Please go ahead.

Dheeraj Devata: Thanks a lot for taking my second question what I wanted to understand is this time we have billed according to the UHV rate and we got roughly around 1.73 per unit but what would be the quantum if we were to bill it up on GCV which we have not recognized?

A. K. Singhal: That is what I have said in my brief the increase would be between 3 to 5%.

Dheeraj Devata: How are we approaching the CEA or how are we..?

A. K. Singhal: Let us wait we cannot discuss our strategy in con call.

Dheeraj Devata: So we will go ahead and we will be booking it at UHV as well?

A. K. Singhal: If we convert it into GCV we will book based on GCV. Till the agreement is reached we continue to billed on UHV and to pay also to Coal India on UHV basis. It is not that we are billing on UHV and paying on GCV. We are paying also on UHV and billing also on UHV.

Dheeraj Devata: Right, thanks.

Moderator: Thank you very much. Our next question is from the line of Deepa Puthur of Quantum Mutual Fund. Please go ahead.

Atul: Hi sir this is Atul from Quantum. My question was one related to for the 12th plan, how do we see the supply of coal on that side given that Coal India Limited as per the revised norms that they are saying that there will be supplying it will March only it is getting covered so going forward basis, how do you see this incremental supply on the coal side?

A. K. Singhal: First of all let us understand that NTPC has its own coal mine and by 2017, by the end of the current plan period we will be producing almost 50-52 million tonnes of coal from our own coal mines. We have signed FSAs for the power plant, which was commercial as on April 1st, 2009, equivalent to 125 million tonnes of coal and for the plant which we had commissioned after April 1st, 2009, even if we get 80% of the committed quantity and we would be getting additional roughly about 30-40 million tonnes of coal all this put together will give us our total quantum of about 210-220 million tonnes of coal. Our coal requirement by the end of 12th plan period would be between about 230-240 million tonnes kind of situation that is 90% plant load factor. So if everything goes well, with the import of 15-20 million tonnes of coal we would be able to meet our committed requirement of 90% plant load factor.

Atul: Okay thanks for that explanation and second thing was how do you see the situation from the SEBs side in the sense that obviously recently we have seen tariff hikes and of late problem looks like getting sorted out for now, but I mean, how do you see the situation of that going forward and the second thing is that I believe that by somewhere towards 2016-2017 tripartite arrangement is also coming on to an end. So how are we placed on that side?

A. K. Singhal: I would only say that first of all for the period beyond October 2016 we have signed a supplementary agreement with all the distribution companies taking first charge on their

receivables. Because other people they have also provided charge to them. We have been given that opportunity because we were the oldest power supplier to the distribution companies. Coming back to your basic question you see that in NTPC view whatever worst had to happen has happened. Now there has to be improvement in the realization level of the SEBs - likely increase in the tariff, there may be some sort of one-time settlement, may come, may not come I am not competent to reply to that question, for that purpose Ministry of Power or Planning Commission, they are the one who would be able to answer but we are confident that as the SEBs have started increasing the tariff they will definitely continue to increase the tariff in future and there may be a comfortable position for the SEBs to ensure that they continue to release payment to the generator. However, if they do not release payment to the generator than the economic growth when we are looking at the economic growth of 9% and government also expects that power sector also should grow at 9% and the 12th plan paper also talks about electricity sector to grow at 9%, so therefore putting all this together, there has to be an improvement in the health of SEBs than deterioration in the health of the SEBs.

Atul: Just a clarification of the thing you said first about the supplementary agreement, so this is for the first year after 2016 and this is valid for one year or?

A. K. Singhal: It is after that continuous.

Atul: Okay. It would continue for a very long time after to 2016?

A. K. Singhal: After that, till the PPA is valid.

Atul: Okay, thank you very much.

Moderator: Thank you very much. Our next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.

Rakesh Vyas: Thank you once again, sir, for this opportunity, just wanted to understand on the GCV versus UHV, I thought it has been a long pending demand of the power sector itself that the Coal India should move to GCV mechanism. So I'm just trying to understand what is wrong now. And why are we contesting, is it just because the price increase is seen to the extent of 3 to 5% or is there any philosophical difference?

A. K. Singhal: Mr. Rakesh it is not a matter to be discussed on con call once we sit together, we would be able to explain you what are the issues and so far as NTPC is concerned, NTPC has always been piloting UHV as the basis for supply of coal.

Rakesh Vyas: Okay, thank you, got it.

Moderator: Thank you very much. Our next question is from the line of Venkatesh B of Citigroup. Please go ahead.

Venkatesh B: Good evening Sir. I just had a few questions. The first question is what was your gross block at the end of this year?

A. K. Singhal: I think it is given in our numbers which have been published.

Venkatesh B: I think the numbers which you have published, you had only given the net fixed assets which will include the capital work in progress and the construction stores, so I just wanted the gross block sir.

A. K. Singhal: Just hold on. What is your next question?

Venkatesh B: The next question is I think I missed out the receivables numbers which you mentioned?

A. K. Singhal: Gross block is Rs. 81,511.59 crore.

Venkatesh B: Okay and receivables?

A. K. Singhal: It is Rs. 12,289.31 crore.

Venkatesh B: Are there any unbilled sales in these receivables?

A. K. Singhal: This includes the unbilled sales as well.

Venkatesh B: What is the quantum of unbilled sales?

A. K. Singhal: Rs. 5,811 crore. It will be for the month of March only which will remain unbilled because we billed it in April.

Venkatesh B: Because this receivables numbers looks quite on the higher side. It is more than 70 days of receivables?

A. K. Singhal: But I have told number of days, 73 days.

Venkatesh B: But it was mentioned that the number of receivables greater than 60 days is very negligible. So I am a little confused why?

A. K. Singhal: 13 days because we receive certain tariff orders during the current year 2011-12, as per the tariff regulation this money can be recovered over a period of six months because of that it has become 73 days otherwise none of the debts which is payable within 60 days is outstanding, very insignificant amount will be outstanding.

Venkatesh B: My last and final question. Can you give us the data on what was the energy sent out in the 4th quarter and the full year?

A. K. Singhal: Energy sent out for the 4th quarter is 56 billion units versus 54.241 billion units and for the year 206.682 billion versus 206.582 billion units.

Venkatesh B: Thank you very much and all the very best for the next year.

Moderator: Thank you very much. We move on to the next question from the line of Salil Desai of IDFC Securities. Please go ahead.

Salil Desai: One reconciliation, when we say regulated equity that is on the commercial capacity?

A. K. Singhal: Yes, on the commercial capacity.

Salil Desai: And all revenue recognition in the earnings is also on the commercial capacity?

A. K. Singhal: Yes, it is on commercial capacity.

Salil Desai: Okay, thank you very much.

Moderator: Thank you very much. Our next question is from the line of Sukrit Roy of Yes Bank. Please go ahead.

Sukrit Roy: You have mentioned that you can release at any time domestic bonds of Rs. 25,000 to 30,000 crore. Can you please elaborate on this on which quarter can we expect this and where will you..?

A. K. Singhal: I am not saying this, I said that we have an opportunity which we can use, whenever we need funds we will do it, if we do not require funds we will not do it. I think with so much of flexibility with NTPC, we will use the ECB. Now since the withholding tax has been reduced to 5%, let us see how much we can use ECB.

Sukrit Roy: But right at this moment are you looking to raise any funds, how are you placed at this moment?

A. K. Singhal: We have tied domestic loan of about Rs. 23,000 crore which we can draw any time. We have an undrawn committed ECB also of \$200 million.

Sukrit Roy: And how much is your total debt at this moment on your books?

A. K. Singhal: On our balance sheet, you are talking about?

Sukrit Roy: Yes sir.

A. K. Singhal: It will be Rs. 44,000 crore approximately.

Sukrit Roy: As on March 31st?

A. K. Singhal: As on March 31st is Rs. 45,908 crore.

Sukrit Roy: And one more thing, there has some news reports appearing that NTPC has cut down its 12th plan targets from around 29,000 MW to 14,000 MW just wanted to understand is it you have taken a conservative view only on the basis of non-availability of fuel or there are more issues to it?

A. K. Singhal: As part of the plan of the Government of India, our capacity to be commissioned is 11,878 MW. So we are taking that as the commitment from our side plus the spillover from the 11th plan which is 2,610 MW.

Sukrit Roy: There was no target or something called 29,000 MW?

A. K. Singhal: There has been never any target that we have talked about during 12th plan of 29,000 MW.

Sukrit Roy: One last thing we wanted to understand that NTPC and other private producers are also talking about penalty clause with Coal India and we see that Coal India has still never paid any penalty in the previous FSA's also and it is a monopolistic player also so why this are really pushing for a penalty clause to be.....

A. K. Singhal: Have you seen the FSA which we have signed with coal India for 125 million tonnes?

Sukrit Roy: No sir.

A. K. Singhal: There is an incentive clause as well as a penalty clause. The mirror clause where they will penalty if they do not supply up to 40%, if they supply more than the level of quantity they get 40% incentive. So we have a penalty clause.

Sukrit Roy: We understand, but in the past also there was a mirror image for the penalty...?

A. K. Singhal: We have recovered penalty wherever they have not supplied. We have given them incentive and we have recovered penalty also.

Sukrit Roy: Can you give some idea how much penalty you have recovered?

A. K. Singhal: Are we operating a commercial contract or you are operating a commercial contract, my dear sir? You allow us to operate, we say that there is a clause and we will recover whenever it does not supply. When I say materialization is 100% CIL is supplying more than what I'd need why should I levy penalty? If it does not supply, then I will levy penalty.

Sukrit Roy: Okay, thank you Sir.

Moderator: Thank you very much. Our next question is from the line of Michael Parker of Stanford C. Bernstein & Co. Please go ahead.

Michael Parker: Just one point of clarification. That 4,160 MW that you are talking about in terms of total capacity additions is that 2012 and 2013 combine or that would be 4,160 in each year?

A. K. Singhal: It is for the financial year 2012-13. We have a financial year from April to March. It is not for the calendar year. For 2013-14 it will be separate.

Michael Parker: The short question therefore is what is the installed capacity additional guidance for this financial year for FY13?

A. K. Singhal: 2012-13 we will be commissioning 4160, for 2013-14, 4298 MW.

Michael Parker: Okay great and the second question we're talking about coal imports increasing, I think, to 12 million tonnes this year?

A. K. Singhal: 16 million tonnes.

Michael Parker: Okay with Indonesian coal prices is falling any opportunity to increase that buy?

A. K. Singhal: We require only 16 million tonnes therefore we will buy 16 million tonnes.

Michael Parker: You would not increase the amount of coal purchases in the event of falling coal prices?

A. K. Singhal: We will buy the coal when we require coal only. We have sufficient coal available domestically.

Michael Parker: All right. Thank you.

Moderator: Thank you very much. Our next question is a follow-up question from the line of Deepa Puthur of Quantum Mutual fund. Please go ahead.

Deepa Puthur: One question was on the ramp up and the stand of the coal mining side, when do you see that coming and how will you see kind of mining plan moving on that side in terms of....?

A. K. Singhal: Like we said that Pakri-Barwadhi will start producing coal in 2013 and it will ramp up to 15 million tonnes over a period of three years. Rest of the coal mine will gradually come up and ultimately at the end of 2017 we will be producing about 50 million tonnes of coal. Unless we award the MDO then only we will view this. Pakri-Barwadhi we are sure that 2013 we will start producing coal. We are waiting for award of MDO for Chatti Bariatu and then Kerandari.

Deepa Puthur: Okay one question was on the placement of equipment orders for the 12th plan is anything remaining right now or it has been fully kind of..?

A. K. Singhal: Now it is not fully kind of there. Still for 12th plan plus the start of 13th plan there is a capacity to be awarded of about 18,000 MW.

Deepa Puthur: Okay and how much of that would be pertaining to the 12th plan itself?

A. K. Singhal: I do not think anything would be pertaining to the 12th plan.

Deepa Puthur: Okay, so that is all related to the 13th plan?

A. K. Singhal: All will be related to the 13th plan.

Deepa Puthur: Okay, thank you.

Moderator : Thank you very much. Our next question is from the line of Abhishek Jain of India Nivesh. Please go ahead.

Abhishek Jain: Good evening Sir. I missed out the figure of unit generated during Q4 can you repeat this please?

A. K. Singhal: Which unit you want? Quarter-to-quarter, or year-to-year?

Abhishek Jain: Quarter-to-quarter?

A. K. Singhal: Be generated 60.212 billion units, but our energy sent out was 56.073 billion units.

Abhishek Jain: What is the reason of the lower off take of 56.073 out of the 60.212?

A. K. Singhal: It is basically the auxiliary power consumption is involved in that. Out of 60 there are some units which have infirm power, a commercial generation out of 60.212 was 59.660. 59.660 to 56.073 we need the oxygen for operating our power plant, so the differential between the two is the oxygen used if 59.660 is the generation the differential between 59.660 to 56.073 is the oxygen which we needed for breathing of our own equipment.

Abhishek Jain: During Q4 FY12, the provision was only Rs. 160 million, while in Q3 FY12 that was 486 and four Q4 FY11 that was 2.84. So what was the reason for lower provision during this quarter?

A. K. Singhal: Which provision you are talking about?

Abhishek Jain: In a P&L, the provision has been made around 166 million?

A. K. Singhal: Which provision are you talking about?

Abhishek Jain: Total provision figure?

A. K. Singhal: Total provision would depend on what provision we are required to do it based on the financial front.

Abhishek Jain: Okay, thank you.

Moderator: Thank you very much. Our next question is from the line of Vishal Biraia of Batliwala & Karani Securities. Please go ahead.

Vishal Biraia: Question has been answered. Thank you.

Moderator: Thank you very much. Our next question is from Amit Rastogi of Antique Stock Broking. Please go ahead.

Amit Rastogi: Good evening sir. Sir, RGPPL profit you mentioned Rs. 343 crore, what is the reason of higher profit? Is the availability factor higher?

A. K. Singhal: First its availability factor plus one tariff order has been received during the year.

Amit Rastogi: Okay so this is our share of profit, 30%.

A. K. Singhal: Yeah, it is our profit.

Amit Rastogi: Okay and we expect to basically sustain at these levels?

A. K. Singhal: I can't say at this stage.

Amit Rastogi: Okay and in our balance sheet which we are saying trade receivables Rs. 5832 crore but we are mentioning Rs. 12,289 crore?

A. K. Singhal: It doesn't include the unbilled debtors?

Amit Rastogi: Okay but unbilled you mentioned Rs. 5800 crore?

A. K. Singhal: Rs. 5811 crore, if you add together Rs.10,600 crore there are some other debtors.

Amit Rastogi: Okay, thank you sir.

Moderator: Thank you very much. Our next question is from the line of Alok Ramachandran of SBI Cap Securities. Please go ahead.

Alok Ramachandran: Good evening sir. Thank you for taking my question, first of all your view on pooling of coal prices, secondly on the distribution franchisee model is NTPC is going to bid for, few of the franchising models coming up in Jharkhand which have been bid out currently, that's it?

A. K. Singhal: So far as pooling of coal prices is concerned, why not pooling of electricity charges, our answer to that. Second is on the franchisee, yes, whenever any opportunity is there we look at it.

Alok Ramachandran: All right. Sir, if pooling of coal prices, we believe out here is individually the biggest loser in pooling up coal prices so whether you guys will be actually offended by the Coal Ministry to actually pool coal prices?

A. K. Singhal: I have answer to your question that why not pooling off electricity charges?

Alok Ramachandran: All right, thank you sir.

Moderator: Thank you very much. Our next question is from the line of Girish Nair of BNP Paribas. Please go ahead.

Girish Nair: Thank you for taking my question sir. I wanted to understand, whether you can divert captive coal to other operational projects, if there are coal shortages elsewhere or is it designated for one end-use project?

A. K. Singhal: We would not like to talk on this issue through con call. The coal is available for us and we are the company who uses coal for generating power only.

Girish Nair: And if let's say, Coal India is unable to deliver considering its track record, would you consider prudent to slow down the execution of new power projects until there is visibility?

A. K. Singhal: We don't set a power projects unless there is a certainty of availability of fuel.

Girish Nair: But the LOAs are kind of worthless documents, right sir?

A. K. Singhal: Why do you say, you talk to Coal India, you will be in a difficult position. Let us not talk that, it has some worth that is why PMO has intervened.

Girish Nair: Okay sir, thanks for taking my question.

Moderator: Thank you very much. Our next question is from the line of Anuj Upadhyay of Bric Securities, please go ahead

Anuj Upadhyay: My question has been answered, thank you.

Moderator: Our next question is from Rohit Singh of IDBI Capital. Please go ahead.

Rohit Singh: Couple of questions from my side, basically sir, just wanted to understand that we are talking about capacity addition of 4160 MW in FY13 and 4298 MW in FY14 so the total target is 14,000 MW of which we will be doing roughly 8500 MW in first two years of the 12th plan. Going forward in next three years, are we saying that we will be adding only 5500 MW or am I misreading it somewhere?

A. K. Singhal: It is okay what you have calculated is in order.

Rohit Singh: Okay can you help me with the CAPEX figure for FY13 and 14?

A. K. Singhal: The CAPEX for FY12-13 is 20,995 and FY13-14 not yet fixed.

Rohit Singh: Okay, thank you so much.

Moderator: Thank you very much. Due to time constraint that was the last question. I would now like to hand the floor to Mr. Harsh for closing comments.

Harsh Dole: Many thanks to everyone for joining in the call. My sincere thanks to the NTPC Management to let us host the conference call, thank you sir.

A. K. Singhal: Thank you very much.

Moderator: Thank you very much. On behalf of IIFL Capital Ltd that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

Disclaimer:

This transcript includes forward looking statements. All statements, other than statements of historical facts, that address activities, events or developments that NTPC Limited expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. NTPC Ltd's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, exploration and development outcomes, estimates of proven reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks and factors beyond our control. In addition, NTPC Ltd's makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.