

**NTPC Limited**  
**Q4 FY18 Post-Results Conference Call**

**Moderator:** Ladies and gentlemen, welcome to Q4 FY18 Post-Results Conference Call of NTPC Limited, hosted by Batlivala & Karani Securities India Private Limited. We will start the call with all participant lines in a listen-only mode. There will be an opportunity to ask questions after the management comments conclude. Please note that this call is recorded. If you need assistance during the conference, please signal an operator by pressing \* and 0 on your phone. I would now like to hand the conference over to Mr. Ashwani Sharma. Thank you and over to you, sir.

**Ashwani Sharma:** Thank you, Yashashree. Hello everyone. On behalf of B&K Securities, I welcome you all to the fourth quarter earnings call of NTPC. Today, to discuss the results and share the performance outlook, we have management of NTPC, which will be represented by Mr. K. Sreekant, Director (Finance), Mr. S.K. Roy, Director (Projects), Mr. P. K. Mohapatra, Director (Technical), Mr. Prakash Tiwari, Director (Operations) and Mr. Sudhir Arya, CFO and other key members of NTPC Team. Now, I would like to hand over to the management for the opening remarks, post which we would have the Q&A session. Over to you, sir and thank you.

**K. Sreekant:** Thank you, Ashwani. I am K. Sreekant, Director (Finance), NTPC Ltd. and I have with me Shri. A.K. Gupta, Director (Commercial), Shri. S.K. Roy, Director (Projects), Shri Prakash Tiwari, Director (Operations) and Shri Prasant Kumar Mohapatra, Director (Technical). I also have with me Shri Sudhir Arya, CFO & Executive Director (Finance) and other key members of NTPC team.

Today, the Company has announced the audited annual financial results for FY18 along with the unaudited financial results for Q4 FY18. The Key Performance Highlights for the financial year and quarter have already been disclosed on both the stock exchanges.

Let me first begin with NTPC's performance highlights for FY18 and Q4 FY18:

1. In FY18, NTPC's standalone gross generation increased by 15.48 Billion Units to 265.80 Billion Units, registering an increase of 6.19% over the previous year. This is over 20% of Country's generation (excluding Bhutan import).

Q4 FY18 recorded a generation of 68.56 Billion Units, registering a growth of 7.51% over the Q4 FY17, represented by 4.79 Billion Units.

NTPC has posted highest ever single day generation of 819.17 Million Units on 28 February 2018, surpassing previous highest day generation of 799.85 Million Units on 23 March 2017.

2. The Gross Generation of NTPC Group for FY18 was 294.27 Billion Units against 276.77 Billion Units during previous year, registering an increase of 6.32%.

NTPC Group recorded highest ever day generation of 910.38 Million Units on 28 March 2018, surpassing previous highest day generation of 907.31 Million Units on 28 February 2018.

3. Total capacity addition during FY18 was 3478 MW. During Q4 FY18, we have added 2268 MW, comprising 800 MW at Kudgi, 800 MW at Lara, 8 MW of Hydro capacity at Singrauli and 660 MW at Meja, to NTPC Group commissioned capacity.

With these additions, the installed capacity of NTPC on standalone basis and for the Group as a whole has become 46100 MW and 53651 MW respectively as on 31 March 2018.

4. The total commercial capacity added during FY18 was 3978 MW and 4423 MW by NTPC and NTPC Group respectively.

With this, the commercial capacity of NTPC on standalone basis and for the Group as a whole has become 44500 MW and 51391 MW respectively.

5. For FY18, 6 coal stations of NTPC Group were among the top 10 performing stations in the Country in terms of PLF.

Talcher Thermal, Vindhyachal, Korba, Rihand, Bhilai and Sipat with PLF of 93.82%, 89.92%, 89.91% , 89.54%, 88.52% and 88.14% were ranked 2<sup>nd</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> and in total 7 stations of NTPC clocked over 85% PLF.

6. During FY18, PLF of coal stations was 77.90% as against the National Average of 60.72%.
7. We have suffered loss of generation due to grid restrictions, though it has declined in comparison to previous year.
- ✓ For the coal based generation the loss was 7.63 BUs in Q4 FY18 as against 10.38 BUs in Q4 FY17 and for FY18 the loss was 30.83 BUs as against 41.25 BUs in the previous year.
  - ✓ Similarly, for the gas based generation the loss was 6.59 BUs in Q4 FY18 as against 5.85 BUs in Q4 FY17 and for FY18 the loss was 24.45 BUs as against 24.85 BUs in the previous year.
8. The generation loss on account of fuel supply constraints in the coal based stations was 3.03 BUs in Q4 FY18 as against 5.17 BUs during the previous quarter.
9. During the FY18, materialisation of coal against ACQ was 96.20% as against 94.04% in FY17. Coal supply during FY18 was 168.53 MMT comprising 168.21 MMT of domestic coal and 0.32 MMT of imported coal. The coal supply during the previous year was 160.38 MMT, with 159.35 MMT of domestic coal and 1.03 MMT of imported coal. Coal consumption during FY18 was 169.77 MMT comprising 169.43 MMT of domestic coal and 0.34 MMT of imported coal. The coal consumption in the previous year was 162.50 MMT, with 160.97 MMT of domestic coal and 1.53 MMT of imported coal.
10. The gas consumption during FY18 was 5.33 MMSCMD (i.e. Million Metric Standard Cubic Meter per Day) as against 5.17 MMSCMD in FY17. The gas consumption of FY18 procured under APM plus PMT mechanism was 3.82 MMSCMD, under Non-APM gas 0.66 MMSCMD and under Spot RLNG was 0.85 MMSCMD.
11. NTPC, with a cumulative capacity of 920 MW of Renewables in its energy basket, generated 1310 Million Units from renewables in FY18 as compared to 531 Million Units in FY17.

### **Financial Highlights**

- For FY18, Gross Sales is Rs. 81,529.09 crore as against previous year Gross Sales of Rs. 77,475.24 crore, an increase of 5.23%.  
Gross Sales for Q4 FY18 is Rs. 21,599.02 crore as against corresponding quarter of previous year Gross Sales of Rs. 20,006.49 crore, registering an increase of 7.96%.
- For FY18, there is an increase of 7.39% in the Total Income i.e. from Rs. 79,342.30 crore in FY17 to Rs. 85,207.95 crore.  
For Q4FY18, the Total Income has increased by 13.08 % i.e. from Rs 20,886.65 crore to Rs. 23,617.83 crore.
- For FY18, there is an increase of 2.38% in the PBT i.e. from Rs. 12,052.16 crore in FY17 to Rs. 12,339.46 crore.  
PBT for Q4 FY18 is Rs. 3,388.57 crore as against Rs. 2,645.89 crore in the corresponding quarter of previous year, registering an increase of 28.07%.
- For FY18, PAT is Rs. 10,343.17 crore as against Rs. 9,385.26 crore during previous year, an increase of 10.21%.  
PAT for Q4 FY18 is Rs. 2,925.59 crore as against Rs 2,079.40 crore in the corresponding quarter of previous year, registering an increase of 40.69%.
- For FY18, the Board has recommended final dividend @ 23.9% of paid-up capital i.e. @ Rs. 2.39 per share, subject to the approval of shareholders in the Annual General Meeting scheduled to be held in September 2018. As you are aware, interim dividend for the FY18 @ 27.30% of paid-up capital i.e. @ Rs. 2.73 per share has been already paid in February 2018. Thus total dividend for the FY18 comes to Rs. 5.12 per share.

An update on various other financial activities:

**The regulated equity** as on 31 March 2018 was Rs. 50,920.71 crore.

**Total Assets** – The total assets of the company stood at Rs. 260,193.56 crore as at 31 March 2018 as compared to Rs. 236,577.49 crore as at 31 March 2017.

The Gross Block has increased by Rs. 29,324.75 crore to Rs. 1,40,739.35 crore as at 31 March 2018, mainly on account of capitalization of new units.

**Capital Work in Progress including advances** stood at Rs. 82,015.16 crore as on 31 March 2018 as compared Rs. 86,692.68 crore as on 31 March 2017.

### **Fund Mobilization**

- In Q4 FY18, NTPC issued U.S.\$ 400 Million 4.50% Medium Term Notes. This is the ninth offering under the Company's U.S.\$ 6 Billion Medium Term Note programme. The Notes will mature on 19 March 2028.
- Further, during Q4 FY18, NTPC has issued Commercial Papers totalling Rs. 6,500 crore with interest rates ranging between 6.66% to 7.28%. Total Commercial Papers issued during FY18 were for Rs. 8,000 crore.
- We have also signed two term loans of Rs. 2,000 crore and Rs. 532.50 crore with PNB and IDFC respectively totalling Rs. 2,532.50 crore.
- Average cost of borrowing for FY18 was 6.99% as compared to 7.45% in FY17. The decrease in is on account of lower rate of interest on new borrowings.

### **CAPEX**

- In FY18, we have incurred a CAPEX of Rs. 24,133.61 crore. The CAPEX by the other group companies has been Rs. 6,902.95 crore. Thus, the total group CAPEX for the FY18 was Rs. 31,036.56 crore.
- The Capital outlay for FY19 has been estimated at Rs. 22,300 crore for NTPC.

Now, let me discuss some other significant activities of this period:

- We have signed a MoU with Government of Bihar and Bihar power utilities on May 15, 2018 for acquisition of 720 MW Barauni Thermal Power Station, acquisition of 27.36% equity of Kanti Bijlee Utpadan Nigam Ltd. which owns 610 MW Muzaffarpur Thermal Power Station and acquisition of 50% equity of Nabinagar Power Generating Company Pvt. Ltd. which is developing 1980 MW Nabinagar Super Thermal Power Project, from Bihar State Power Generation Company Ltd. Aforesaid transactions are envisaged to be completed through notification of a Statutory Transfer Scheme by Government of Bihar. Post transaction, Barauni Station will become part of NTPC portfolio and Kanti and Nabinagar will become wholly owned subsidiaries of NTPC Ltd.
- Environmental Management - Initiatives for preserving Environment:-
  - For compliance of new norms and control of SO<sub>x</sub>, Flue Gas Desulphurisation Systems (FGD) are under various stages of implementation in 64 GW of capacity. The first FGD has been implemented at Vindhyachal. Procurement of FGD system packages for other stations are under process. For 7.23 GW capacity, FGD systems are under implementation, for 31.61 GW capacity, FGD systems are under bidding and for 24.70 GW capacity, bids for FGD systems are planned to be invited.
  - NO<sub>x</sub> control in coal-fired plants is presently achieved by controlling its production through adopting best combustion practices. NO<sub>x</sub> reduction technologies are modification of combustion system, installation of Selective Non-Catalytic Reduction (SNCR), Selective Catalytic Reduction (SCR) or combination of these. In order to comply with new norms, all units will require installation of appropriate DE-NO<sub>x</sub> system, based on the emission level. 9 SCR and 3 SNCR pilot tests are under

execution in order to assess performance on high dust Indian coal and are likely to be completed by October 18.

- Further, as part of its commitment to the environment, NTPC has taken a new initiative to utilise agro residue for power generation. The utilisation of agro residue based bio-fuel for power generation will not only reduce in-field crop residue burning resulting in lower air pollution, but will also reduce carbon footprint of coal based power plants. Up to 10% agro residue based bio-fuel co-firing with coal has been successfully demonstrated at NTPC Dadri.

### **Commercial**

- NTPC has achieved more than 100% realization in FY18. This is 15<sup>th</sup> consecutive financial year of achieving 100% realization. Total amount realized is Rs. 83,809 crore.
- TPAs have been signed with 28 States/Union Territories as on date.
- The trade receivables have declined from 38 days to 34 days sales.

### **Coal Mining**

- During FY18, from Pakri-Barwadih coal mine, approximately 26.77 lakh Metric Tonnes of coal has been excavated.
- Mining operation from Dulanga coal block has been started on 28 February 2018 and coal extraction commenced on 21 March 2018.

### **Now, I will briefly touch upon some of NTPC Group Companies**

- NVVN, our trading subsidiary, transacted 17.28 Billion Units during the FY18 as against 15.86 Billion Units during the FY17, registering an increase of 8.93%. Units transacted during the FY18 include 5.75 Billion Units of solar bundled power, 4.27 Billion Units traded through Bilateral Arrangements, 3.91 Billion Units under cross border trading and 3.34 Billion Units traded through power exchange.
- NVVN has been selected as lowest bidder for supply of 300 MW power to Bangladesh, from 1 June 2018 to 31 May 2033.
- During the FY18, we have accounted dividend income of Rs. 189.17 crore (Previous year Rs. 166.09 crore) from our Subsidiaries and Joint Venture Companies, comprising Rs. 69.93 crore from Aravali Power Company Private Limited, Rs. 50 crore each from NTPC Vidyut Vyapar Nigam Limited and NTPC-SAIL Power Company Limited, Rs. 12.92 crore from Energy Efficiency Services Limited, Rs. 3.60 crore from PTC India Limited, Rs. 2.50 crore received from Utility Power Limited and Rs. 0.22 crore received from NTPC-GE Power Services Private Limited.

NTPC continues to win laurels and awards in various fields, major awards received in Q4 FY18 are:

- Awarded for Overall Best Financial Performance by Governance Now.
- Bagged 2<sup>nd</sup> position at the BML Munjal Award 2018 for Sustained Excellence in Learning and Development.
- Awarded for Excellence in Maharatna category at India Pride Awards.

These were some of the highlights I wanted to share before the question and answer session.

**Moderator:** Ladies and gentlemen, we will now begin the question and answer session. We have a question from Mr. Venkatesh B from Citibank. Please go ahead.

**Venkatesh B:** My first question is, NTPC had availability based disincentives in the third quarter, of Rs. 5.46 billion, can you actually share if there were any disincentives in the fourth quarter and if at all, what is the number for the full year and which plants had coal shortage problem because of which you had disincentives?

**K. Sreekant:** Because of coal shortage, our plants at Mouda, Solapur and Bongaigaon, were forced to declare less capacity, and we had under recovery of fixed costs in them.

**Venkatesh B:** Sir, can you share the number. What was the under recovery in the fourth quarter. You had

shared in the third quarter the under recovery was Rs.5.46 billion, can you share what is the under recovery in the fourth quarter?

**K. Sreekant:** Mr. Venkatesh, the loss on account of fuel shortage in the Q4 FY18 is 3.03 billion units.

**Venkatesh B:** Now, we believe in the first quarter there is problem of coal shortage in Kaniha also. So has this earlier problem of Mouda, Solapur and Bongaigaon got sorted in the first quarter or those three plants are still having shortage and you have one new problem in Kaniha now?

**Prakash Tiwari:** The problem at Mouda and Solapur has been reduced to great extent with our coal flexible supply policy and in Kaniha, the problem has cropped up because there was an IR issue in Kaniha mine for quite a few weeks.

**Venkatesh B:** Sir, would it be reasonable to assume that in the next 6 to 9 months all these problems will be behind us and we will have full fixed cost recovery, is it a reasonable timeframe?

**Prakash Tiwari:** The problem at Talcher Kaniha is a temporary one. Even today, the extent of problem is much less due to arrangement of coal from other sources and we are hopeful that in Mouda and Solapur, this year we will be able to make full recovery of fixed charges as we are closely working with Coal India and Railways. We have made a plan to ensure enough supply. In this financial year, we are hopeful that this problem will be not there.

**Venkatesh B:** Sir my second question is on wage provisions. In fourth quarter of last year, I think you had made wage provisions of Rs.874 crore out of which Rs.522 crore you had passed through in the tariff and you had created a regulatory asset and Rs.252 crore you took a hit on the P&L. Can you share similar numbers for FY18, what is the quantum of wage provisions you have taken, how much have you passed through in the tariff and how much of a hit have you taken in the P&L and when will this get recouped. I remember you mentioning at the end of last year that you have reached out to CERC already and in 6 to 9 months, we will know how much of this will get passed through and how much you will have to take a hit? So can you throw some light on the wage hike provisions?

**K. Sreekant:** The wage provision made as at 31 March 2018 is Rs.1,203.28 crore. As regarding the recovery of these, we will approach the CERC after implementing the wage hike. So it will take some time.

**Moderator:** Thank you. We have a question from Mr. Deepak Agrawala from Elara Capital. Please go ahead.

**Deepak Agrawala:** Can you give us the plan for capacity addition for FY19 both for the coal fired as well as the renewables?

**K. Sreekant:** Mr. Roy, our Director Projects will answer this question.

**S. K. Roy:** For NTPC group, it is nearly 5,000 MW.

**Deepak Agrawala:** Sir can you give us project wise which all are you planning from COD perspective?

**S. K. Roy:** First is Lara Unit 1, second is Meja Unit 1, third is Kudgi Unit 3, fourth is Bongaigaon Unit 3, fifth is BRBCL Nabinagar Unit 3, sixth is NGPCL Unit 1, seventh is Gadarwara Unit 1 and eighth is Solapur Unit 2.

**Deepak Agrawala:** These are all from COD perspective, right?

**S. K. Roy:** Definitely. Whatever I have said is from COD perspective.

**Deepak Agrawala:** And how much you are planning for the renewables for this year?

**S. K. Roy:** We will be adding around 500 MW in our own power stations like Anta, Auraiya, Kawas, Gandhar and we will have 25 MW in Andaman. So, that is in the EPC mode by NTPC itself. In developer mode, presently 750 MW Ananthpur is under tendering. Under NSM, out of tranche 1 of 3,000 MW, 2,750 MW has been commissioned. Tranche 2 and 3 are having some problems due to the transmission constraints.

**Deepak Agrawala:** So 500 MW is what you will do on your own balance sheet in terms of capacity addition?

**S. K. Roy:** Yes.

**Deepak Agrawala:** In the past, you have resorted to procurement of imported coal to meet the domestic coal shortage. So is there any plan in FY19 to procure imported coal?

**Management:** As on date, we do not have any plan but there is a discussion at Ministry of Power level and CEA is also there to oversee the overall situation of coal in the country and whether there is a need for import of coal. As and when this is decided at the government level, may be first for the coastal projects, this can be considered, but as of now we have no plans.

**Deepak Agrawala:** And sir my last question is if you can help us give us with an update on the acquisition of the Chhabra plant, SJVN and this MOU that you have signed with Government of Bihar?

**Management:** Chhabra MOU is not on hold but has been extended for six months. We have already got the coal supply approval from Ministry of Coal. So based on that, the things are ready, but I think we will need some more time to conclude this deal. As far as SJVN is concerned, we have already approached Ministry of Power with our due diligence report and there is a discussion with Ministry of Power because in any case we are going to only take over the equity of Ministry of Power, not the Government of Himachal Pradesh equity. So this is under discussion. As far as Bihar MoU is concerned, with regard to Kanti Bijlee Utpadan Nigam Limited, KBUNL and Nabinagar JV, NPGCL, equity of Bihar Utilities will be taken over by NTPC and then these two companies will become wholly-owned subsidiaries to start with and ultimately merge with NTPC.

**Deepak Agrawala:** How much time this transaction will take in your view?

**Management:** I think we may do it in the month of June.

**Deepak Agrawala:** From July, it will be consolidated in your book?

**Management:** Hopefully, yes.

**Moderator:** Thank you. We have a question from Keyur Asher from Reliance Nippon Life. Please go ahead.

**Keyur Asher:** My question was on the borrowing side. So could you help us with the market borrowing target for FY19 and as to how do you plan to fund it vis-à-vis foreign currency versus local?

**K. Sreekant:** See, this year our CAPEX target is Rs. 22,300 crore. So it will be a mix of domestic and foreign currency borrowing.

**Keyur Asher:** And sir regarding the borrowing cost, you mentioned that for FY18, it was around 6.99%. So how do you see borrowing cost evolve over the next financial year?

**K. Sreekant:** I think the interest rates are more likely to go up than come down.

**Keyur Asher:** Vis-à-vis foreign currency versus local, how does the company prefer going about it?

**K. Sreekant:** On a full year approach, we have about 30% in foreign currency borrowings and 70% in local currency. So similar kind of approach we will have. In any case, interest cost is a pass-through. It becomes a part of the project cost during construction and post construction, it is recoverable in tariff. So to a large extent, we are indifferent to the movement in the interest rates.

**Moderator:** Thank you. We have a question from Amit Golchha from HDFC Mutual Fund. Please go ahead.

**Amit Golchha:** Can you give the total fixed charge under recovery for the full year?

**K. Sreekant:** It is Rs 1,444 crore.

**Amit Golchha:** So fourth quarter also you would have under recovered by broadly Rs. 400 crore?

**K. Sreekant:** Yes, but I would like to inform all that, for loss due to coal shortages, we have approached CERC for getting relief, based on the reasons given by us. The petition has been admitted by CERC on May 15<sup>th</sup> and I think the hearing will take place later on. We are trying to recover these losses through CERC.

**Amit Golchha:** Right sir. Sir, if I look at your other current assets in the balance sheet other current assets have gone up by almost Rs. 6,300 crore from Rs. 4,500 crore to Rs. 10,900 crore. So can you give some details of this increase?

**K. Sreekant:** We have given an advance of Rs. 5,000 crore to Railways.

**Amit Golchha:** Sir, in this year deferred tax amount is significant. If I remember correctly, post the last regulations, your policy was to recognize deferred tax currently and also recognize a contra entry to that considering that you will recover whenever the materialization happens. So what is this amount related to, is it current year amount or previous year amount?

**K. Sreekant:** It is because of the solar projects where there is no such mechanism of pass-through.

**Amit Golchha:** So sir, deferred tax is mainly related to solar projects?

**K. Sreekant:** Because you get more depreciation there.

**Amit Golchha:** And sir this will continue for next few years?

**K. Sreekant:** Annually, you have to have solar capacity addition. See, with deferred tax liability, the problem is in the year you have the maximum depreciation, you have to create 30% base of it as deferred tax liability. It will unwind very slowly, but you have to initially create it.

**Moderator:** Thank you. We have a question from Murtuza Arsiwalla from Kotak Securities. Please go ahead.

**Murtuza Arsiwalla:** Just wanted to check, your notes to accounts talks about issues at two plants. One is Kudgi, where there is an NGT order. The other is at Unchahar where you had some teething issues in terms of the commercialization of asset. Did we have any loss of fixed charge on these two accounts or even in terms of, may be we booked the revenue, but any stay on recovering the money for these two?

**Management:** No such stay is there. No such loss or stay in Kudgi. The other one you are mentioning is?

**Murtuza Arsiwalla:** Unchahar?

**Management:** We have not recognized revenue in case of Unchahar.

**Moderator:** Thank you. We have a question from Rahul Murkya from Jefferies. Please go ahead.

**Rahul Murkya:** First of all, could you just tell me what was the incentive income for the quarter?

**K. Sreekant:** I will just check that number, anything else?

**Rahul Murkya:** Sir this capacity addition which we talked about of around 5,000 MW. Could you just repeat that along with the MW for each plant that would be very helpful.

**Management:** Number one is Lara Unit 1, 800 MW; number two is Kudgi Unit 3, 800 MW; number three is Meja Unit 1, 660 MW; number four is Bongaigaon Unit 3, that is 250 MW; number five is the BRBCL Unit 3, 250 MW; number six is NPGCL unit 1, 660 MW; number seven is Solapur Unit 2, 660 MW and number eight is Gadawara Unit 1, 800 MW.

**Rahul Murkya:** Any plans for FY20 that you have finalized, can you give what would be the capacity addition that you guys are thinking for FY20?

**Management:** FY19-20 also, around 5,000 MW.

**Rahul Murkya:** And you were mentioning that incentive income number?

**K. Sreekant:** For the current quarter it is Rs.120 crore.

**Rahul Murkya:** And just another book-keeping question sir, wage revision number the provision that you have created, you have mentioned that number to be around Rs.1,200 crore for the full year?

**Management:** No, that is the cumulative as on 31.03.2018. I think I should clarify this. The current year provision is Rs.943 crore. We have recognized Rs.118 crore as regulatory asset against the same.

**Moderator:** Thank you. We have a question from Mr. Rahul Modi from ICICI Securities. Please go ahead sir.

**Rahul Modi:** Sir, a couple of bookkeeping questions. Sir, in the notes to accounts, 3c and 3d, you've mentioned 2 amounts, Rs. 268 crore and Rs. 210 crore. Could you help with the issues and how to deal with this in terms of the adjustments?

**K. Sreekant:** 3 c) is Rs. 267.99 crore. In one of the stations, we have passed on certain credit to the beneficiary in fixed charges.

**Rahul Modi:** Okay. So this is a reversal, is it, in terms of what we've booked?

**K. Sreekant:** Yeah, this is for the previous period, which we have reduced from the sales.

**Rahul Modi:** And sir, so basically, to arrive at the adjusted PAT for the year, we should add this?

**K. Sreekant:** Yeah, Rs.267.99 crore is a one-off.

**Rahul Modi:** So post-tax, so we get a tax benefit on this?

**K. Sreekant:** Yeah, we will.

**Rahul Modi:** And sir, in 3 d), there's a figure of Rs.210.33 crore.

**K. Sreekant:** That is also refund for the previous years. We have got refund of tax which we have to refund back to the beneficiaries. Once we got the refund from the tax authorities, we have given that refund.

**Rahul Modi:** So we made this refund.

**K. Sreekant:** Yes.

**Rahul Modi:** So just one follow-up on that. Sir, in terms of the stressed asset acquisition, I believe we had received some EOIs earlier. Sir, any movement on that front? And just to understand what is your view that, today, the setting up of new plants costs more than Rs. 6 crore per MW, whereas some plants which are probably on the offer is sub Rs. 5 crore. So what is your view on that in terms of taking up possibly some of these plants?

**Management:** Actually, as I think all of you are aware that we had issued a RFP for acquiring power plants. We have 4 proposals for which we are doing due diligence. We have appointed a consultant and that process is on. I think in another 2 months' time, we should be able to come out with a very clear plan on which plants we are taking over.

**Rahul Modi:** Sir, any target that you got in mind out of these 4 or it will be on merit basis?

**Management:** No, actually out of these four, it will depend on signing of PPA for these plants, because most of these plants do not have full PPA. So once, we establish that and considering the cost, which they are offering, if we are able to manage PPA, then only we will procure the plant.

**Moderator:** Thank you. We have a question from Dhruv Muchhal from Motilal Oswal. Please go ahead.

**Dhruv Muchhal:** Sir, just followup on the earlier one. We are looking for refurbishing some of the old plants or just retiring them and installing new ones. So instead of that, why do not we look at acquiring some of these merchant plants which probably you can get at Rs.4 crore to 5 crore per MW. So what is the view there?

**Management:** First as far as closure of the plants, we have only identified Badarpur and TTPS and we have already retired Patratu first phase, but these are the only projects which we are thinking of retiring. We have not yet decided on closure of any other plants because these are the low-cost projects where the variable charge is also low. So as on date, we have not decided for closure of any other project.

**Dhruv Muchhal:** So for example like Patratu, you are looking at adding another capacity there and some of the old units are closed. So instead why do not we look at some of the merchant plants, which are very close to coal mines and everything else, even have BHEL equipment?

**Management:** I have said earlier that ultimately, I need a buyer. For Patratu new plant, there is a buyer. For these stressed assets, there is no buyer. Unless I get a buyer, I cannot invest. We can only invest in the plant where we have the power purchase agreement. So unless and until we have PPA, we cannot invest.

**Dhruv Muchhal:** Sure sir. Sir, second question was on the other expenses or also related to the adjusted PAT. We have seen that other expenses have increased quite significantly, so what is driving it and how does that affect the adjusted PAT or the reported PAT?

**Management:** Other expenses include about Rs.723 crore of foreign exchange variation which has been recognized as an expense. It is also part of the movement in regulatory balances. It is a contra entry. Then, we have about Rs.300 crore of water charges of earlier period at one of the plants. So that is an one-off item.

**Dhruv Muchhal:** Sir this Rs.300 crore is not part of any recovery, it is hit to the P&L?

**Management:** It is hit to the P&L.

**Dhruv Muchhal:** Sir if you can help us with the adjusted PAT number then because from the notes to accounts, I find the adjusted PAT will be significantly lower than the reported PAT. So just to get the reconciliation right?

**Management:** I think the adjusted PAT will be about Rs.10,800 crore after accounting for all these one-off items.

**Dhruv Muchhal:** Sir, just a follow up on the equation of plants. Sir, there are a lot of PPA assets also available for acquisition. You have KSK, you have Lanco, probably other plants. Are we not we looking for that or that is not an option?

**K. Sreekant:** Actually, we had floated a RFP for all these projects to bid and that process is on and we had only 4 people who have participated. All the names that you mentioned had the options to quote, but they did not participate. So we do not know whether they are interested.

**Moderator:** Thank you. We have a question from Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** If you can help us understand what is the cost of the acquisition for the Bihar projects.

**Management:** It will be about Rs.3,400 crore.

**Puneet Gulati:** For all 3 assets combined?

**Management:** No. It is for Barauni.

**Puneet Gulati:** And for others?

**Management:** For Barauni, it is Rs. 3,400 crore and for others, we will be taking over the equity at face value. For Barauni, consideration also includes expenditure to be incurred for completion of Barauni and for that we would be retaining around Rs.1,300 crore.

**Puneet Gulati:** And how much debt will you take for the proportionate share?

**Management:** Basically, once we are going to pay the total amount to Bihar they will pay off their loans. As far as we are concerned, we will have debt equity ratio of 70:30.

**Puneet Gulati:** No, what I am trying to understand is for example in Kanti, you will and Nabinagar, you will take stake of the Bihar utilities and Rs.3,400 crore is the cost of Barauni,. Is that the right way to think about it

**Management:** As far as Kanti and NPGCL is concerned, we are taking over equity. As far as Barauni is concerned, we are going to pay the total consideration of Rs.3,400 crore minus Rs.1,300 crore as retention for balance works to be completed. That money will be then arranged by NTPC in terms of 70:30 debt equity ratio.

**Puneet Gulati:** Secondly, would you have any thoughts on the new approach paper which has come out from CERC, how are you thinking about the 3-part tariff.

**Management:** This consultation paper is basically a platform to discuss. So it is a discussion paper. In fact if you have read it, it also says that it does not reflect the views of CERC, it is only a discussion paper.

Now, we are going through this discussion paper and I think there is a time given to react to CERC by 15<sup>th</sup> of July. So by that time, we will be able to make our views very clear on this and will share with you.

**Puneet Gulati:** Okay. But prima facie in the 3-part tariff, whatever, is one of the options which they have discussed, would it be fair to assume that it could per se be negative from your perspective?

**Management:** No. It is premature to think on those lines See, unless until we go through the whole thing, understand it and make our own calculations, I think it's not fair for us to really comment on this. This paper has been only put out very recently.

**Puneet Gulati:** Lastly, how much more PPAs are still available for you to execute in terms of the new power projects?

**Management:** See, we will not be able to execute new PPAs because now it is only through competitive bidding route and we will have to bid.

**Puneet Gulati:** So other than the projects, which are under construction, everything will be through bidding route?

**Management:** Except the exemption available to us for expansion of projects and the PPAs we've already signed with the beneficiaries.

**Puneet Gulati:** How many MWs is that PPA which has already been signed with the beneficiaries?

**Management:** About 36,000 MW is still remaining

**Puneet Gulati:** Okay. Where you signed PPA, but yet to start.

**Management:** Yes.

**Moderator:** Thank you. We have a question from Mr. Amit Dalal from Tata Investments. Please go ahead.

**Amit Dalal:** Just wanted one or two accounting figures. The capital work in progress as on 31 March 2018 will be how much sir?

**Management:** It is Rs.77,313.87 crore.

**Amit Dalal:** From FY13 to FY18, the ROE as well as ROI has been gradually coming down. So I just wanted to know that what are the steps company will take to improve our ROE as well as ROI, if you can just highlight that sir?

**Management:** As the project comes on stream from the CWIP, I think this will improve.

**Amit Dalal:** And sir how much time approx. it will take, this Rs.77,000 odd crore to get capitalized?

**Management:** 3 to 4 years.

**Moderator:** Thank you, Mr. Dalal. We have a question from Mr. Bhavin Vithlani from Axis Capital. Please go ahead sir.

**Bhavin Vithlani:** I had two questions. One is for the fourth quarter and for the full year, for the current

year as well as last year, what is the adjusted profit after the one-offs and if you could help us on the bridge between the reported profits and the adjusted profits. My second question is a clarification on the under recoveries that you mentioned, i.e. Rs. 1,444 crore on account of under recovery of fixed charges. So that Rs.1,444 crore includes under recovery on account of coal shortage?

**Management:** Yes, this Rs.1444 crore includes under recovery on coal shortage.

**Bhavin Vithlani:** Could you highlight what is the under recovery in the Badarpur and Unchahar plant for the year?

**Management:** Unchahar plant is not available post the accident, so that is the reason and Badarpur is because of environmental issues for that plant.

**Bhavin Vithlani:** Sir, could you help us with the value of the under recovery in both of these plants?

**Management:** Unchahar, it is Rs.216 crore and for Badarpur it is Rs. 232 crore.

**Bhavin Vithlani:** And the under recovery because of coal shortages, these would be Mouda, Kudgi, Solapur. Would that be correct?

**Management:** This is mainly Mouda and Solapur.

**Bhavin Vithlani:** Are these under recoveries due to coal shortages. Have you seen them turning around in the first quarter or if you could give us some guidance?

**Management:** I think it was already informed. There is an improvement.

**Moderator:** Thank you. I now hand over the floor to Mr. Ashwani Sharma for closing comments. Please go ahead sir.

**Ashwani Sharma:** We would like to thank the entire management of NTPC for giving us the opportunity. We would also like to thank everyone for showing interest in the financial performance of NTPC and we will look forward to your continued support in the years to come. Thank you very much.

**Management:** Thank you.

**Moderator:** Ladies and gentlemen, this concludes conference call for today. We thank you for your participation and for using iJunction Conference Service. You may please disconnect your lines now. Thank you. Have a great evening.