



# “NTPC Q2 Financial Year 2016 Earning Conference Call

October 29, 2015



**ANALYST:**

**MR. GIRISH NAIR – BNP PARIBAS**

**NTPC MANAGEMENT:**

**MR. K. BISWAL - DIRECTOR (FINANCE)**

**MR. U.P. PANI - DIRECTOR (HR & COMMERCIAL)**

**MR. K.K. SHARMA - DIRECTOR (OPERATIONS)**

**MR. D.K SOOD - EXECUTIVE DIRECTOR (COMMERCIAL)**

**MR. SHARAD ANAND - REGIONAL EXECUTIVE DIRECTOR,  
(COAL MINING)**

**MR. SUDHIR ARYA - EXECUTIVE DIRECTOR (FINANCE)**

**MR. P.R. DAHAKE- EXECUTIVE DIRECTOR (PPM)**



*NTPC Limited*  
*October 29, 2015*

**Moderator:** Ladies and gentlemen, good day and welcome to the NTPC Q2 FY 2016 Results Conference Call hosted by BNP Paribas. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Girish Nair from BNP Paribas. Please go ahead.

**Girish Nair:** Thanks. Good afternoon everyone. It is our privilege to have with us the leadership team of NTPC to discuss the company’s performance during the second quarter and the prospects for the company. Please note that the call will conclude in 40 minutes as management has other meetings lined up after this call. I would now like to hand over the proceedings to Mr. K. Biswal, Director (Finance) for his opening remarks. Over to you Mr. Biswal!

**K. Biswal:** Thank you very much Mr. Nair. A very good afternoon to everybody. I am K. Biswal, Director (Finance), NTPC Limited and I have with me Mr. K. K. Sharma, Director (Operations), Mr. Sharad Anand, Regional Executive Director (Coal Mining), Shri Sudhir Arya, Executive Director (Finance) and Mr. Sood, Executive Director (Commercial). Mr. Pandey, our Director (Project) who will be joining soon. I also have members of my finance team here.

The company has announced financial results for the second quarter for 2015-2016 as well as for the six months period ended on September 30, 2015. Also the key performance highlights for the quarter and fiscal period have been disclosed on both the stock exchanges.

To begin with, I will briefly touch upon some of the highlight developments since our last interaction on July 30 this year. Unit one of 500 megawatt Vindhyachal Super Thermal Power Station Stage V was commissioned on August 6, 2015. With this addition the Vindhyachal plant has installed capacity of 4760 megawatt making it the largest power plant in the country.

We are also pleased to inform you that the unit will be declared commercial operation with effect from October 30, 2015 for which the disclosure has already been made to exchanges yesterday. Because we have been able to synchronize, commission and declare COD within the

scheduled time we are going to get additional return of 0.5% from this unit. To be more specific our return would be 16% from this project.

NTPC has paid final dividend at the rate of Rs.1.75 per share for financial year 2014-2015 on September 30, 2015. Thus, for financial year 2014-2015 the total dividend paid is Rs.2.50 per share including interim dividend of 0.75 paise per share paid in the February 2015.

Recently Rs.700 crore of tax-free bonds were issued through public issue route. NTPC was the first issuer of tax-free bonds to public issue during this fiscal. The issue generated an overwhelming demand resulting in an over subscription within 10 minutes of its opening and finally the issue was oversubscribed by over 11 times.

Keeping with our commitment on September 30, 2015, M/s. Thriveni Sainik JV was appointed as Mine Developer cum Operator for Pakri-Barwadih Coal Mining project for the period of 27 years.

A new subsidiary company by name Patratu Vidyut Utpadan Nigam Limited, PVUNL was incorporated on October 10, 2015, with Jharkhand Bijli Vitran Nigam Limited with equity participation of 74% by NTPC and 26% by JBVNL. The transfer of assets shall take place after notification of the transfer scheme by the Government of Jharkhand. Ministry of Coal has also accorded in-principle approval for allotment of Banhardih coal mine in the State of Jharkhand to this JV Company.

Further, the Ministry of Coal has approved the allotment of Mandakini- B coal mine in the State of Odisha to NTPC for Telangana Super Thermal power project that will have a capacity of 4000 megawatt. Formal allotment order in this regard is awaited.

During the six months period of FY 2015-2016, six coal stations of NTPC including JV were amongst the Top 10 performing station in the country in terms of PLF. During H1, five coal stations achieved PLF of over 85%. Koldam Hydro Power Plant achieved PLF over 83% during Q2 FY 2016 and DC during the period was 103.14%.

Let me give you an update on Green Energy commitment. 250-megawatt solar project is under construction at Anantapur in the State of Andhra Pradesh. Invitations for bids were issued for 1260 megawatt. Technical bids for MP solar for 250 megawatt and Rajasthan for 260 megawatt are



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

under evaluation. NIT for 750 megawatt have been issued for solar project in the State of Andhra Pradesh. A pre-bid conference in this regard took place on October 20, 2015 and technical bids are about to be opened shortly. As regards solar project under National Solar Mission, 2750 megawatt is under bidding and technical bids for 1420 megawatt have been opened.

Now, I will begin with the quarter-on-quarter comparison.

Corresponding Quarter Comparison (2nd Quarter July - September) – Q2FY16 vs Q2 FY15

Keeping in pace with increase in generation by about 8% on Quarter-on-Quarter basis, the net sales for Q2 FY 2016 has also increased by 7%. In absolute value, net sales for Q2 FY 2016 is Rs.17722.90 crore as against corresponding quarter net sales of Rs.16582.36 crore.

Total income including other income for Q2 FY 2016 is Rs.18173.90 crore as against corresponding quarter total income of Rs.17267.62 crore, an increase of 5.25%. However other income has reduced due to redemption of OTSS bonds and also due to reduction in the other investments.

PAT for Q2 FY 2016 is 2898.28 crore as against PAT of 2071.63 crore in corresponding quarter, an increase of 39.90% in profits due to capitalization of Koldam Hydro Power project and also on account of income tax refund.

Coal availability: The overall domestic coal received in Q2 FY 2016 has improved by 1.20%. We have received 34.62 million metric tonnes as compared to 34.21 million metric tonne of Q2 of corresponding period of previous year. Materialization of coal against ACQ has also been improved marginally from 92.22% to 93.64%. All the stations are having adequate stock.

The supply of imported coal has marginally reduced from 2.97 million metric tonne in Q2 FY 2015 to 2.56 million metric tonne in Q2 of FY 2016.

Let me also give an update on various other activities.



A Maharatna Company

*NTPC Limited  
October 29, 2015*

Capacity additions: Against the target of 2403 megawatt, 1150 megawatt have already been added at Koldam, Vindhyachal and Bongaigaon. The balance capacity addition target from comprises 800 megawatt at Kudgi, 8-megawatt mini hydro at Singrauli, 195 megawatt of Kanti and 250 megawatt in Nabinagar.

Commercial capacity: With the COD of Vindhyachal Super Thermal Power Station 500 megawatt the commercial capacity of NTPC Group would be 44,443 megawatt.

Units, which are, yet to be declared commercial, are 660 megawatt at Barh, 250 megawatt at Bongaigaon and 195 megawatt at Kanti.

The regulated equity as on September 30, 2015 was 38902 crore.

Cash and cash equivalent as on September 30 stood at around Rs.7061 crore including short-term investment in mutual fund.

Total assets of the company on standalone basis crossed Rs.2 lakh crore and stood at Rs.202939 crore as on September 30, 2015.

Fund mobilization: To take the advantage of lower interest rate we have re-priced the interest of one of our foreign currency loan of USD \$100 million. This has resulted in a reduction of margin over LIBOR from 221 basis points per annum to 65 basis points per annum. In absolute terms, this will result in an approximate saving of Rs.25 crore over the balance life of the loan.

Capex: We have incurred a capex of 10849.36 crore during the H1 FY 2016 against a phased capex of Rs.9229.30 crore. The capex incurred by other group companies has been Rs.3213.08 crore during this half year. Total capex of the group for H1/FY 2016 is Rs.14062.44 crore for the financial year 2015-2016 the capex outlay of NTPC standalone has been revised to Rs.25000 crore from Rs.23000 crore while for the financial year 2016-2017 the capex outlay of NTPC standalone has been estimated at Rs.30000 crore with Rs.4350 crore allocated to renewable projects.

Coal mining: Cumulative expenditure of Rs.2904 crore has been incurred on the development of coalmines till September 30, 2015 including Rs. 1548 crore for Pakri-Barwadih mine.



A Maharatna Company

NTPC Limited  
October 29, 2015

Now, I will briefly touch upon some of our NTPC Group Companies. For Bangladesh-India Friendship Power Company Private Limited, the bids for main plant package of 2x660 megawatt were opened on September 9, 2016. The technical evaluation is currently under progress.

NVVN our trading subsidiary transacted 2853 million units during Q2 FY 2016. This includes 823 million units traded bilaterally, 1384 million units of solar bundled power, 448 million units under cross border trading with Bangladesh, and 198 million units traded through power exchanges.

NTPC continued to win laurels and awards in various fields and has been awarded ASSOCHAM Corporate Governance Excellence Award in Listed PSU Category -2014, India Top PSU award 2015 in Power Generation category. Two of our projects Talcher and Vindhyachal received Greentech Safety award 2015. NTPC Ramagundam Power Project has been declared among 2015 top plants in coal fired generation category by Power Magazine, USA. The citation reads – *“Even as the plant ages it has been setting new performance records thanks to environmental and other upgrades”*.

These are some of the highlights. Now we can take the questions. Thank you very much.

**Moderator:** Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Arun Kumar from HSBC. Please proceed.

**Arun Kumar:** Sir, I had a question on the solar projects, which we are talking about. Can you just give us a summary of, as I understand 250 megawatts have already started construction, but since you said that 4000 crore capex has been earmarked for the current year so what are the tenders which are expected to be opened in the current year and what is the capacity addition in FY 2016 and FY 2017 on solar which we are expecting?

**K. Biswal:** Rs.4350 crore is not for this year. It is for next year. Rs.30000 crore we have kept for next year. As you know we are going to install 250 megawatt by April 2016 in Anantapur. For next year, 1260 megawatt solar capacity is under tender process now. So for that we have made a provision of Rs.4350 crore.



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

- Arun Kumar:** So do we expect that 1200-megawatt will commission in FY 2017, is that fair to assume? One more question. This tax reversal, which is happening quarter-after-quarter, is this ongoing thing or will there be a finite time after which the tax reversal will stop or is it going to continue over multiple quarters in the coming quarters?
- K. Biswal:** It is not actually a tax reversal. It is tax refund, which we are getting for the tax which we have paid in the earlier years.
- Arun Kumar:** Yes, so the question is this ongoing thing where this quarter we pay and this gets reversed in the coming quarter or is it going to be that because it happened in a certain quarter under old regulation and now it is getting reversed or is it possible that it will continue over multiple quarters going?
- K. Biswal:** Specifically, we have paid the taxes in earlier years. So, after completion of assessment and appeal process, if we get favorable orders, we account for these tax refunds.
- Arun Kumar:** One more last question for you. I think you mentioned that on one project which is getting commercial prior to scheduled CoD, so we will be earning a 16% ROE. Which is this project and what is the capacity for this?
- K. Biswal:** It is Vindhyachal. It is 1x500 megawatt.
- Arun Kumar:** 1x500, so that's where we will earn 16.5% ROE?
- K. Biswal:** No 15.5 plus 0.5 i.e. 16%
- Arun Kumar:** Thank you Sir. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Venkatesh B from Citi Bank. Please proceed.
- Venkatesh B:** Good evening Sir. The first question is what according to you is the recurring profit in this quarter?
- K. Biswal:** Which quarter?
- Venkatesh B:** Second quarter of FY 2016 what is the recurring profit according to you?
- K. Biswal:** Recurring profit do you mean adjusted profit?



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

- Venkatesh B:** Yes Sir, adjusted profit?
- K. Biswal:** We have calculated adjusted profit and it is at Rs.2216.52 crore if I take out the one-off items like income tax and other such items. On comparative basis, adjusted profit was Rs. 2216.52 crore for Q2FY16 as against Rs. 1784.40 crore of previous year registering a growth of 24.22%
- Venkatesh B:** That is Rs.2216 crore you said?
- K. Biswal:** Rs. 2216 crore as against Rs.1784 crore.
- Venkatesh B:** Okay Sir, can you give the same number for the first quarter FY 2016?
- K. Biswal:** First quarter number is not available now. I can give the half yearly results. 4349.68 crore in FY 16 as against 3752.79 crore.
- Venkatesh B:** Thanks a lot. Now the second question is I guess next year your Tripartite Agreements are coming to an end in October 2016 so have you had any chat with the government and people involved? Are these going to get extended or do they lapse in October 2016?
- K. Biswal:** We have already started discussions with government and beneficiaries. We are having Mr. Pani, Director (HR) here. He is looking after Commercial also and he will elaborate better.
- U.P. Pani:** Actually, the TPAs are under consideration with Government. Many States have already given their consents in writing some of the States have given consents verbally. We are just getting those letters. The process is on so that we get these agreements renewed before they expire in next year October.
- Venkatesh B:** But just out of curiosity, this is in a way linked to the 10 year SEB bonds, which are getting repaid, and I guess most of the SEB bonds will shortly get repaid completely. So though it is beneficial to us, why are the state electricity boards agreeing to extend this beyond?
- K. Biswal:** Now they have to find out alternate payment mechanism. We may go for first charge on their receivables. So in that case they cannot utilize receivables unless they pay me. So, it is a win-win situation that they have made an agreement with me you see last 15 years even if this TPA was there, we never used it and they used to pay it in times.





A Maharatna Company

*NTPC Limited  
October 29, 2015*

**Venkatesh B:** Sir, the final question is court case, which was going on against the CERC regulations as received as fired, can you please provide an update what exactly is happening in terms of development in the court? What exactly is happening and by when is this going to get decided? When is the next hearing, if you could provide some clarity on that?

**K. Biswal:** In the last hearing the matter was reverted back to CERC saying that it is very highly technical matter and whether it will be at received point, unloading point or loading point or second crusher or boiler point. The CERC has to discuss with various stakeholders and again come back with their opinion to High Court. They were given one-month time. In the CERC we have already filed our submissions. They have to hear all the stakeholders for now CERC has to take a decision and come back to the court.

**Venkatesh B:** Sir, all the very best.

**Moderator:** Thank you. Our next question is from the line of Shubhadeep Mitra from JM Financial. Please go ahead.

**Shubhadeep Mitra:** My questions have been answered. Thank you.

**Moderator:** Thank you very much. The next question is from the line of Abhishek Puri from Deutsche Bank. Please proceed.

**Abhishek Puri:** Good afternoon Sir. Congratulations for good set of results. Firstly, your generation is up close to 9% whereas coal supply is up only 1%. So, how do we reconcile these numbers?

**K.K. Sharma:** If you go through the stock we were holding at the start of the quarter two, you will find we were holding around 117 lakhs tonnes of coal and now which has come down as during monsoon coal production comes down and now we have come to around 80 lakhs tonnes of coal. So, we have consumed around 37 lakhs tonnes of coal from our stock. It will be beneficial to build up new stock and that process continues.

**Abhishek Puri:** Okay. In terms of your coal imports, would it continue to go on the downtrend in the next two quarters?

**K.K. Sharma:** The coal import decisions are taken based on domestic coal supply on dynamic basis. So these decisions based on continuous assessment of the



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

position and the market cost of the import coal. So accordingly, we will go on taking the call based on the availability of domestic coal and sometimes we use imported coal for filling the basket also. So, this is dynamic calculation which goes on continuous basis in the organization.

**Abhishek Puri:** Thank you very much and on incentive Sir, what is the generation incentive? I missed out on the number if you have disclosed?

**K.K. Sharma:** Overall incentive is Rs.89 crore. We will give the details. Again you will appreciate the incentive is accounted for on quarter basis based on the numbers as at the end of the quarter but ultimately at the end of the financial year, the incentive is calculated on the basis of full year performance numbers after all adjustments.

**Abhishek Puri:** Sir, my last question on what is the status of Pakri-Barwadih mine now, I think we have already placed the MDO contract order and are we expecting the mine to start up this year or will it spill over to next year?

**K. Biswal:** We are expecting coal production this year. The LOI has been issued and the kickoff meeting was held on October 15. The contractor has been asked to visit the site of the mine physically and have been given the time-line for removal of Overburden this year. Not only removal of Overburden, we are expecting at least one million tonne production this year.

**Abhishek Puri:** All the very best.

**Moderator:** Thank you. The next question is from the line of Mohit Kumar from IDFC Securities. Please proceed.

**Mohit Kumar:** Good evening Sir. Couple of clarifications, Sir. You said that Delhi High Court directed to CERC and that order came on September 7 and CERC is supposed to give this order within one month. Now it is already October 29 so it is quite late so why there is a delay?

**K. Biswal:** Discussions were going on and CERC sought extension for three months. High Court has given the extension for three months. I think in another one-month time will conclude the case with CERC.

**Mohit Kumar:** As you spoke about this 1320-megawatt bid under a subsidiary, which has opened, so which is the subsidiary?



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

- K. Biswal:** That is Bangladesh JV. It is a joint venture between NTPC and Bangladesh. It is a group company- Bangladesh-India Friendship Power Company Private Limited.
- Mohit Kumar:** My last question pertains to -is it possible for you to share some contours of the MDO deal which you have signed with Thriveni-Sainik JV in the sense how much they will charge from us, some contours of that MDO contract?
- K. Biswal:** Actually this time we have got very competitive rates. The rates are much below previous contract rates which we would have been paying, if previous contract was allowed to continue.
- Mohit Kumar:** Sir, is it possible to quantify that number? How much you would pay?
- K. Biswal:** At this time it is not possible to quantify.
- Mohit Kumar:** One last question Sir what is the, Sir you mentioned about generation incentives of Rs.89 crore. This Rs. 89 crore is till first half of FY 2016, am I right?
- K. Biswal:** It's for the quarter. It is a dynamic figure. As Director Operation has explained it is just quarter-to-quarter figure but ultimately we have to calculate incentives on annualized basis.
- K. K. Sharma:** I will further explain to you, we have got around 40 commercial units. May be my numbers are slightly here and there and each commercial units is performing individually. So whatever we get we will get when the unit crosses 85% of the plant load factor at the end of the year. So during the year when they are crossing 85% we are billing provisionally so that at the end of the year all of a sudden number does not grow up and finally when at the end of the year financially performance is finalised at that time these numbers are summed up and accordingly you get a final number. Right now it is Rs.89 crore whereas some units are in the incentive zone and after completion of the maintenance; few more units will appear in that list.
- Mohit Kumar:** Thank you.
- Moderator:** Thank you. Next question is from the line of Bhavin Vithlani from Axis Capital. Please proceed.



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

**Bhavin Vithlani:** Sir, is it possible to share what was the heat rate in the current quarter or the first half versus the last year on an average basis?

**K. Biswal:** That is not possible .Right now we do not have the figures.

**Bhavin Vithlani:** But directionally is it possible whether the heat rate was better versus last year?

**K. K. Sharma:** There are so many stations. I think there are 40 commercial units. So each station has got some heat rate and the average on the company level will not be giving you any overall calculation. So each unit have its individual number. So, 40 numbers will appear.

**Bhavin Vithlani:** The question is directionally on an average basis?

**K. K. Sharma:** I can only say that we have an improving trend than the last year. That much I can confirm.

**Bhavin Vithlani:** The second question is what is the capital cost at which we are billing the customers for Koldam?

**K. Biswal:** We are billing as per provisional tariff order issued by CERC for Koldam.

**Bhavin Vithlani:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Sumit Kishore from JP Morgan. Please proceed.

**Sumit Kishore:** Good evening Sir. My question is related to the adjusted profit numbers that you gave for the second quarter and the first half. For the second quarter, the profit before tax that you have reported is 2168.6 crore and you said that adjusted profit is 2216 crore. So in the normal course of business, is the tax negative and the similar conclusion comes for the first half of the fiscal also?

**K. Biswal:** In normal course of business, if you go by the operating profit, the operating profit this time is higher than the corresponding period of previous year. I am giving you the number.

**Sumit Kishore:** That is clear. What I am asking is that in the normal course of business, would the tax have been negative?



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

- K. Biswal:** I am answering the first question. The PBT it is before tax and that, PBT is 1954.03 crore in previous year. This year we have registered a PBT of 2168.60 crore registering an increase of 11%. If you go by the profits from operation that has increased by 29.51% i.e. from 2090.75 crore it has increased to 2707.74 crore and what we says is our PBT and profit from operations and PAT all these have registered a growth.
- Sumit Kishore:** I understand that Sir. My question is that why is the PBT lower than the PAT number that you have reported on an adjusted basis both in second quarter and in the first half of the fiscal. Is the tax rate negative for NTPC I mean in the normal course of business in the first half of the year?
- K. Biswal:** The tax refund, which we received from the Income tax department is reduced from our sales. Because a portion of the tax refund has to be passed on to beneficiaries. So our sales get reduced and correspondingly PBT also gets reduced.
- Sumit Kishore:** So the tax refund is not being adjusted in your core profit completely when you gave us the adjusted profit number of 2216 crore?
- K. Biswal:** No - all tax adjustments have been accounted for while arriving at figure of Rs. 2216 crore
- Sumit Kishore:** So the total tax refund that you have received is how much Rs.700 crore. How much tax refund have you got?
- K. Biswal:** Around Rs.1197 crore.
- Sumit Kishore:** Rs.1197 crore? And for the first half of the year, how much?
- K. Biswal:** It is for the quarter. For the half year it is around Rs.2039 crore.
- Sumit Kishore:** Rs.2039 crore for the first half and Rs.1197 crore for the quarter. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Lokesh Garg from Credit Suisse. Please go ahead.
- Lokesh Garg:** Sir my question is related to your Patratu plant acquisition, could you share as to how would it sort of change our regulated equity assets and returns?



A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

- K. Biswal:** That would be our investment we will be an investor in the JV Company. As equity participants we are holding 74% stake in that company. So whatever investment is made out of equity 74% would be owned by us. Presently, these are old units and our investment would be not much. We are expecting around Rs.400 to 500 crore investment. We have a plan to go for 4000 megawatt there. So once that stage is finalized our investment would be higher and we will be equity participant only. The plant will not be directly owned by us.
- Lokesh Garg:** Basically the question is on the day one when the plant comes to this entity and this entity is consolidated with us, the regulated equity base of that plant is very low that you are saying?
- K. Biswal:** Regulatory equity will be less because as I told that that at present, out of 740 megawatt only two, three units are running. Further, it is fully depreciated and very old plant. For the existing plant our investment will be very nominal, very meager. So at present investment would be land acquisition only for the new plant. So that will be capitalized for the new plant.
- Lokesh Garg:** Sir, my second question relates to solar as to what is the return that we would make and have we signed PPAs for the capacity that we are sort of bidding right now beyond the first 250 megawatt for which we believe we have a PPA with AP?
- K. Biswal:** PPA we will sign only when we have finalised the rates and that will happen once the capital cost is discovered for 1260 megawatt. Presently, we have opened the technical bid and financial bid has not yet been opened. Once the financial bids are opened then we will be finally find out what would be the capital cost and we calculate the levelised tariff and based on that we will go for sign in PPA.
- Lokesh Garg:** But are the host state governments in agreement with the likely tariff?
- K. Biswal:** Yes they have given us their consent and also earmarked land. Then only we have gone for tendering.
- Lokesh Garg:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Deepak Agrawal from Elara Securities. Please proceed.



A Maharatna Company

*NTPC Limited  
October 29, 2015*

**Deepak Agrawal:** Good afternoon Sir. My first question is you mentioned in your opening remarks the capex target has been increased for FY 2016 by 2000 crore. So this 25000 crore, this is at the standalone level right?

**K. Biswal:** In our initial capex target of Rs.23000 crore we had not considered capex on solar. In solar capacities we are going to put 250 megawatt at Anantapur in Andhra Pradesh at an expected capex of around Rs.1500 crore. Further, for 1260 megawatt which is presently under tender, if tender is finalized, we may have to pay advance. We have revised target to Rs. 25000 crore after accounting for solar capex and estimated advance amounts that we may have to pay for after these tenders.

**Deepak Agrawal:** Okay and for this 1260 megawatt solar where the bid is going on, would that be in the same old price arrangement as was discussed in the Q1 where you were mentioning that 2 gigawatt of Singrauli will be bundled with 3-gigawatt of solar to a blended tariff of 3.1. So this upcoming 1260-megawatt bid will be part of that PPA?

**K. Biswal:** Not the entire capacity. Some will be on standalone basis as it was done for 250 megawatt and Anantapur.

**Deepak Agrawal:** So for what PPA we would be using the bundled power of Singrauli 2 gigawatt. Which PPAs are expiring next year?

**K. Biswal:** Once we open the price bid, we will decide on them separately.

**Deepak Agrawal:** Suppose if the Rajasthan price bid is open for 260 megawatt then you will sign a PPA with Rajasthan Discom or with the host of States like that is a question?

**K. Biswal:** It will be signed with Rajasthan DISCOM only. They will have first right for this power.

**Deepak Agrawal:** Okay. And what if Rajasthan does not exercise that first right then?

**K. Biswal:** The same region, where Rajasthan is located and also if nobody is interested then we just look at the other regions.

**Deepak Agrawal:** Okay and if I heard correct in your opening remarks, you mentioned that Ministry of Coal has allocated one coal block for the Telangana 4000





A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

megawatt plant. Do you have to pay any kind of a premium or it's just on nomination business that the coal mine has been allotted to you?

**K. Biswal:** We got all the mines on nomination basis and based on reserve price and whatever government fees is levied that is allowed as a pass through.

**Deepak Agrawal:** You were planning an imported coal based project over there, right?

**K. Biswal:** No there are two different projects. We are planning imported coal based projects at Pudimadaka, Andhra Pradesh and as far as Ramagundam is concerned, it is as per the reorganization of the States. NTPC is mandated to develop 4000-megawatt power plant in Telangana. So for this, we have got Mandakini B mine.

**Moderator:** Thank you. We will move to our next question, which is the last question from the line of Apoorva Bahadur from CRISIL. Please proceed.

**Apoorva Bahadur:** I wanted to know you said that there will be an additional 50-basis point return on Vindhyachal because of early commissioning. So, is that applicable for other assets as well so the upcoming asset if you commission them before time?

**K. Biswal:** Yes current Regulations applicable from 2014-19 period has a specific provision in this regard. If I complete the projects within the scheduled time then I am entitled to get extra 50 basis points.

**Apoorva Bahadur:** Okay. And even on renewables?

**K. Biswal:** Renewable power projects are not regulated. The same are based on the negotiated price.

**Apoorva Bahadur:** One more thing regarding the payment security. I think there was a media report that NVVN might also be covered under that. Are the negotiations on for that as well?

**K. Biswal:** Not NVVN but NTPC. NTPC has taken the responsibility as an intermediary for the solar power plants developed by private developer. In that case NTPC will pay to the private developers as far the energy generated from their plants, bundle the same and sell it to state utilities under back-to-back arrangement with state utilities. NTPC will collect the





A Maharatna Company

*NTPC Limited*  
*October 29, 2015*

money from the state utilities. So this transaction would be covered under PPA.

**Apoorva Bahadur:** Last question Sir, I mean if I look at your other expenses, depreciation and interest finance cost basically it has shown a significant increase sequentially. What is the reason for that?

**K. Biswal:** We have added capacity, this time Koldam has been added. We have done the commercial operation of the Koldam from July 18. It is 800 megawatt.

**Apoorva Bahadur:** I am just wondering because the Rs.7000 crore project added almost around Rs.80 crore in interest cost so it all from Koldam or are they any one-offs?

**K. Biswal:** At present, standalone Commercial capacity is at 37942 megawatt. If you compare it to previous year, a capacity of 1475 MW has been added on year-on-year basis.

**Apoorva Bahadur:** Thanks a lot.

**Moderator:** Ladies and gentlemen, that was the last question due to time constraints. I now hand the conference over to the management for closing remarks. Over to you!

**K. Biswal:** Thank you very much.

**Moderator:** Ladies and gentlemen on behalf of BNP Paribas that concludes today's conference call. Thank you all for joining us. You may now disconnect your lines.