



NTPC Limited Q2 & H1 FY20 Earnings Conference Call

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Moderator: Ladies and gentlemen, welcome to the NTPC Q2 & H1 FY20 Earnings Conference Call hosted by Edelweiss Securities 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 after the presentation concludes. Should you need assistance during the conference, please signal 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. Swarnim Maheshwari from Edelweiss Securities. Thank you and over to you Sir.

S Maheshwari: Thanks. Good evening and welcome to everyone on NTPC’s Q2 & H1 FY20 conference call. From the management side, we have with us Mr. A.K. Gautam, Director (Finance), Mr. S. Roy, Director (Human Resources), Mr. A. K. Gupta, Director (Commercial), Mr. S. K. Roy, Director (Projects), Mr. Prakash Tiwari, Director (Operations), and Mr. R.S.V. Muthumani, Executive Director (Finance). We will have the initial remarks from Mr. Gautam, and then we can open up the Q&A session. Thanks and over to you Sir.

A.K. Gautam: Thank you. A very good evening to everybody. Welcome you all to Q2 FY20 Con Call of NTPC Ltd. Today, the Company has announced the unaudited financial results for the second quarter and first half of FY20. The Key Performance Highlights for the quarter and half-year ended 30 September 2019 have already been disclosed on both the stock exchanges.



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Operational Highlights for Q2/H1 FY20

1. NTPC's standalone gross generation in Q2 FY20 is 61.64 Billion Units and in H1 FY20 is 130.14 Billion Units as compared to 65.99 Billion Units and 135.20 Billion Units respectively in the corresponding previous periods.

NTPC has posted highest single day generation of 860.50 MUs on 4 Apr 2019, surpassing previous highest day generation of 835.79 MUs on 29 March 2019.

2. Gross Generation of NTPC Group in Q2 FY20 is 68.68 Billion Units and in H1 FY20 is 145.30 Billion Units as compared to 73.13 Billion Units and 150.05 Billion Units respectively in corresponding previous period.

3. In H1 FY20, we have added 1980 MW to our installed capacity, comprising 660 MW at Khargone, 660 MW at Tanda and 660 MW at NPGCL (Nabinagar).

With these additions, the installed capacity of NTPC has become 48645 MW on standalone basis and 57106 MW for the Group as on 30 September 2019.

4. In H1 FY20, we have added 2120 MW to our commercial capacity, comprising 800 MW at Gadarwara, 660 MW at Meja and 660 MW at NPGCL (Nabinagar).

With these additions, the commercial capacity of NTPC has become 46525 MW on standalone basis and 54986 MW for the Group as on 30 September 2019.



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5. For H1 FY20, 2 coal stations of NTPC were among the top 10 performing stations in the country in terms of PLF. Barh with 86.96% and Singrauli with 86.26% were ranked 7th and 9th respectively and in total 4 stations of NTPC clocked over 85% PLF.
6. During H1 FY20, PLF of coal stations was 69.04% as against the National Average of 57.87%.
7. We have suffered losses due to grid restrictions:
 - Coal based stations suffered loss of generation of 17.26 Billion units in Q2 FY20 and 31.61 Billion units in H1 FY20.
 - Similarly, for the gas based stations the loss was 7.28 Billion units in Q2 FY20 and 13.71 Billion units in H1 FY20.
8. The generation loss on account of fuel supply constraints in the coal based stations was 3.97 Billion Units in Q2 FY20.
9. NTPC Hydro and RE stations recorded generation of 2.10 Billion Units in Q2 FY20, as against 2.0 Billion Units in corresponding previous period. In H1 FY20 recorded Hydro and RE generation of 3.53 Billion Units as against 3.10 Billion Units in corresponding previous period.
10. During the Q2 FY20, 2.37 Million Metric Tonnes (MMT) of coal (Q2FY19- 1.14 MMT) has been excavated from Pakri-Barwadih coal mine. Cumulatively 14.23 MMT coal has been excavated till 30 September 2019.

0.14 MMT coal has been excavated from Dulanga coal block in Q2FY20 (Q2 FY 19 - NIL).



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Cumulative expenditure of ₹ 6,342.19 crore has been incurred on the development of coal mines till 30 September 2019. The total expenditure incurred in H1 FY20 was ₹ 477.45 crore.

11. NTPC Ltd. incorporated a wholly owned subsidiary, NTPC Mining Ltd. on 29 August 2019 for undertaking mining business.
12. NTPC has signed a Joint Venture and Shareholder Agreement with Ceylon Electricity Board (CEB), Colombo, Sri Lanka for incorporation of a 50:50 Joint Venture Company for proposed development of 300 MW \pm 15% LNG Power Project in Sri Lanka.
13. Investment approval has been accorded for 100 MW Floating Solar PV project at Ramagundum and 92 MW Floating Solar PV project at Kayamkulam.
14. NTPC has signed a Memorandum of Understanding (MoU) with BHEL for forming a Joint Venture Company for setting up 800 MW Technology Demonstration Plant (TDP) based on Advanced Ultra Super Critical (AUSC) technology which will be the most efficient plant in the world once it becomes operational resulting in reduction of carbon-di-oxide emissions by 20% as compared to sub-critical technology.
15. NTPC has signed a MoU with Indian Oil Corporation to explore business opportunities in the areas of mutual interest like Power Supply to Refineries, Setting up of new Power Plants/Acquisition of Power Plants under NCLT, Fuels & Lubricants, Biogas & Ethanol



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Plants, Waste to Energy, Technical Consultancy, O&M and R&M services, Knowledge Sharing & Training etc.

16. NTPC has signed a MoU with Himachal Pradesh Government to set up two Hydro Projects of 520 MW in Himachal state at Miyar in Lahaul & Spiti district and Seli in Solan district.

17. NTPC has signed a MoU with Varanasi Municipal Corporation for setting up an integrated Waste to Energy plant at Varanasi.

18. Environmental Management- Initiatives for preserving Environment:-

- Flue Gas Desulphurisation Systems (FGD) are under various stages of implementation in 64.85 GW of group capacity. FGD of 500 MW has already been commissioned. FGD system package for 47.29 GW have been awarded. Awards of FGD system packages for 17.06 GW capacity are under various stages of tendering.
- For compliance with NO_x control in coal-fired plants, units require installation of appropriate de-NO_x system, based on the emission level. NTPC has awarded contracts for supply and installation of low NO_x combustion system for 19 GW of Thermal Power capacity. The project involves modification of in-combustion system of the boiler to reduce the generation of thermal NO_x during the combustion process.
- Further, as part of its commitment to the environment, NTPC had taken an 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. NTPC Dadri has become first plant in the country to commercialize the biomass co-firing and up to 10% of agro residue



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based bio-fuel co-firing with coal has been successfully operationalised. Cumulatively we have co-fired 240 tonnes of agro residue based bio-fuel till date. NTPC has invited expression of interest for production and supply of paddy straw and agro residue based pellets/ torrefied pellets to power plants located across country and received over 100 responses from vendors who are interested to supply biomass based pellets for co-firing. NTPC has issued orders for procurement of 160 TPD of agro residue pellets and the supply is expected to begin shortly.

Financial Highlights

- Gross Sales for Q2 FY20 is ₹ 22,706.53 crore as against corresponding quarter of previous year Gross Sales of ₹22,211.95 crore, registering an increase of 2.23%. On half-year basis, there is an increase of 4.57% in the Gross Sales i.e. from ₹ 44,789.09 crore in H1 FY19 to ₹ 46,836.11 crore in H1 FY20.
- Total Income for Q2 FY20 is ₹ 23,658.23 crore as against corresponding quarter of previous year Total Income of ₹ 22,485.96 crore, registering an increase of 5.21%. On half-year basis, there is an increase of 6.29% in the Total Income i.e. from ₹ 45,325.94 crore in H1 FY19 to ₹ 48,177.04 crore in H1 FY20.
- PBT for Q2 FY20 is ₹ 3,497.72 crore, as against ₹ 2,634.68 crore in the corresponding quarter of previous year registering an increase of 32.76%. On half-year basis, PBT is ₹ 6,660.11 crore as against ₹ 5,645.81 crore in H1 FY19 registering an increase of 17.97%.
- PAT for Q2 FY20 is ₹ 3,262.44 crore, as against ₹ 2,426.02 crore in the corresponding quarter of previous year registering an increase of 34.48%. On half-year basis, PAT is ₹ 5,865.23 crore as against ₹ 5,014.16 crore in H1 FY19 registering an increase of 16.97%.



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An update on various other financial activities:

The regulated equity as on 30 September 2019 was ₹ 53,256.67 crore.

Fund Mobilization

- During H1 FY20, we have signed term loans of ₹2,000 crore and ₹3,000 crore with Canara Bank and Axis Bank respectively totalling ₹5,000 crore.
- Average cost of borrowing for H1 FY20 was 6.91% as compared to 6.79% in H1 FY19.
- Further, we have issued Bonds with a door to door maturity of 10 years aggregating to ₹ 4,300 crore at attractive coupon of 7.32% p.a. on 17 July 2019.

CAPEX

- In H1 FY20, we have incurred a CAPEX of ₹ 9,143.86 crore as against ₹ 10,018.31 crore in H1 FY19. The CAPEX by the other group companies has been ₹ 1,624.90 crore. Thus, the total group CAPEX for the H1 FY20 was ₹ 10,768.76 crore.
- The Capital outlay for FY20 has been estimated at ₹ 20,000 crore for NTPC.



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Now, let me discuss the operational performance for the Q2/H1 FY20.

FUEL:

Coal:

- During the H1 FY20, Materialisation of coal against ACQ was 88.84% as against 96.35% in H1 FY19.
- Coal supply during H1 FY20 was 79.13 MMT, this comprises 77.62 MMT of Domestic Coal and 1.51 MMT of imported coal. The coal supply during corresponding previous period was 82.85 MMT, with 82.65 MMT of Domestic Coal and 0.2 MMT of imported coal.
- Coal consumption during H1 FY20 was 84.55 MMT, this comprises 83.54 MMT of Domestic Coal and 1.01 MMT of imported coal. The coal consumption in corresponding previous period was 85.28 MMT, with 84.43 MMT of Domestic Coal and 0.85 MMT of imported coal.

Gas:

- The gas consumption during H1 FY20 was 3.76 MMSCMD (i.e. Million Metric Standard Cubic Meter per Day) as against 4.37 MMSCMD in H1 FY19.
- The gas consumption of H1 FY20 procured under APM plus PMT mechanism was 2.05 MMSCMD, under Non-APM gas 0.79 MMSCMD, under Long Term RLNG was 0.84 MMSCMD and under Spot RLNG was 0.08 MMSCMD.



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

- NVVN, our trading subsidiary, transacted 8.03 Billion Units during the H1 FY20 as against 8.82 Billion Units during the H1 FY19. Units transacted during H1 FY20 include 2.64 Billion Units of solar bundled power, 1 Billion Units traded through Bilateral Arrangements, 3.68 Billion Units under cross border trading and 0.71 Billion Units traded through power exchange.
- During H1 FY20, we have received dividend of ₹ 83.65 crore from our subsidiaries and Joint Venture Companies, of this ₹ 4 crore is received from Utility Powertech Limited, ₹ 75.18 is received from Aravali Power Company Private Limited and ₹ 4.47 crore from Energy Efficiency Services Limited as against ₹ 8.30 crore received in the corresponding period of previous year.
NTPC continues to win laurels and awards in various fields, major awards received in H1 FY20 are:
- NTPC has been ranked 14th in 2019 “Great Place to Work” rankings for India.
- NTPC has won the Frost & Sullivan and TERI Sustainability 4.0 Awards 2019 under the “Challengers Award - Mega Large Business, Process Sector category.”
- Awarded the Dun & Bradstreet Corporate award 2019 for Excellence in Power Generation.
- NTPC along with TCS was adjudged winner of 14th edition of BML Munjal Awards in the Sustained Excellence category.

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



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Moderator: Thank you. The first question is from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Congratulations on a good set of numbers. I have few questions Sir, what is the fixed cost under recovery during the quarter and what is the reason for sharp rise in the receivables from March 2019 to September 2019 and why the other income is significantly high?

Management: The other income is high because of accounting of surcharge income on the high receivables, which you mentioned in your second question. Under recovery of fixed charges is ₹ 448 Crore in H1 and ₹ 332 crore in Q2.

Mohit Kumar: What is the number in the last half year H1 FY19?

Management: It was ₹ 822 Crore.

Mohit Kumar: And Sir, what is the surcharge income you have booked in the quarter?

Management: We have booked a surcharge income of ₹ 650 Crore in the quarter.

Mohit Kumar: And Sir, why the under recovery remains pretty high despite having low demand in the country and what is the number we are targeting for FY20?

Management: Under recovery in H1 is ₹ 448 Crore. It has been primarily in our stations like Farakka, Talcher Super and Sipat. In case of Farakka, it is attributable to some surprises during capital overhaul where we had to replace capital equipments and in case of Talcher Super it was because of fuel shortage. As you know in Talcher Super there were frequent disruptions due to strikes. Now both the stations are on path to



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recovery and at the end of the year we expect this under recovery to be less than ₹ 200 Crore.

Mohit Kumar: So what is under recovery in Talcher Thermal, the smaller power plant?

Management: It is ₹ 7 Crore, which by the end of the year will be offset and we will not be having any under recovery as far as Talcher Thermal is concerned.

Management: On receivables front, we have around ₹ 7,556 Crore outstanding as on date which is beyond due date and major dues are pending from Telangana, Karnataka, UP, Andhra Pradesh and J&K. Now, one good thing which I wanted to share with you is that after this mandatory LC order from Ministry of Power to all the DISCOMs, we have received, in last two months 100% realization of our dues, so it is a positive development, and we are working out with the DISCOMs to clear the past dues, which were there before August and I think we are sure that by end of this fiscal we should be able to do it.

Moderator: Thank you. The next question is from the line of Koundinya N from JM Financial. Please go ahead.

Koundinya N: Sir what is the existing PAT number for the quarter if there are any adjustments?

Management: The adjusted PAT for the half year and quarter are more or less same. There is not much difference between the PAT and the adjusted PAT. There are any minor difference that can be obtained from Mr. Aditya Dar subsequently, after this call.



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Koundinya N: Sure Sir, we will do that. Sir, you spoke of about ₹ 448 Crore under recovery for the first half, what is the corresponding number for the second quarter Sir?

Management: Second quarter, it is ₹ 332 Crore as against ₹ 330 Crore in previous year.

Koundinya N: Sir, can you help us with the bifurcation?

Management: In ₹ 332 Crore major amount is Talcher Kaniha, which is ₹ 136 Crore, Sipat ₹ 68 Crore, Farakka ₹ 56 Crore, Rihand ₹ 31 Crore, Korba ₹ 27 Crore and rest ₹ 14 Crore.

Koundinya N: Sure Sir. Sir, in the last quarter if I remember correctly we had some ₹ 300 Crore of under recovery towards DSM and coal quality-related issues. I hope we do not have similar issues continuing.

Management: Yes, on that account, there is no such under recovery in the current quarter.

Koundinya N: Sure Sir. Thanks Sir. That is it from my end. Thank you.

Moderator: Thank you. We take the next question from the line of Apoorva Bahadur from Jefferies. Please go ahead.

A Bahadur: In this quarter only two of our plants are among the top 10 in terms of PLF so what has gone wrong because typically we have at least 4 to 5 plants, which are there in the top 10 in the country so why are we seeing this sudden decline in scheduling?



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Management: In top 10, we have two plants and reasons could be attributed to less generation from some of our pit head stations, which could not generate because of shortage of coal. Notably stations where we generated less are Sipat, Korba, Talcher Kaniha, Kahalgaon, Farakka, etc., which used to be traditionally top generating stations. Further, there has been loss of generation on account of grid restrictions, which is on higher side so this has also contributed to the same.

A Bahadur: Sir, grid restrictions would have been because of the demand side issues?

Management: Yes, demand side issues.

A Bahadur: Okay. Sir, secondly, you also spoke about awarding 19 GW of low NOx combustion system, so if I recall correctly till last time around we were still in trial basis trying out various technologies so have you finalized on this one and this is the one which are we doing for all our plants and which are the major suppliers who would be supplying this 19 GW of technology?

Management: The ones we have awarded are based on combustion modification. The trials which were conducted were for catalytic converter-based de-NOx systems. Trial have shown that it is not suitable for Indian conditions. So we have gone for combustion modification and already done in two units, one at Dadri and another in Jhajjar with very satisfactory results and as far as catalytic-based de-NOx systems are concerned they are not suitable for our conditions because of very high ash content coal.



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A Bahadur: Okay. The cost for this technology will be same as the other one or will there be a difference?

Management: No. This cost will be much less compared to selective catalytic reduction-based technology. This is going to be much cheaper.

A Bahadur: Okay. Sir, could you quantify for this 19 GW how much would be the total capex?

Management: Capex would be around ₹ 0.02 Crore per MW.

A Bahadur: Okay, great. Lastly, if I may just squeeze in one more, this was on the receivables, where we support NVVN and developers, so we used to extend working capital support to these solar and wind developers where in NVVN had signed contracts so what is that amount as of now, where does it stand and how has the progress been, are we seeing any recovery of dues or has it been increasing?

Management: The situation of payment for NVVN is also similar to what other people are having and the defaulters are the same states. Yes, there was a requirement of some additional working capital for NVVN. However, for NVVN also we are trying to really work it out with the debtors to resolve the situation by fiscal end.

A Bahadur: Sir how much would have we extended till now, the support?

Management: Around ₹ 90 Crore only.

A Bahadur: Total in all?

Management: Yes.



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Moderator: Thank you. The next question is from the line of Abhishek Puri from Axis Capital. Please go ahead.

Abhishek Puri: Auxiliary consumption looks high in the current quarter, so what could be the reason for the same?

Management: Based on our analysis auxiliary power consumption is more because of 2 factors. The first, our units have been running at partial loading for extended period of time and secondly some of our stations are under reserve shutdown. These are stations like Kudgi, Solapur, Gadarwara, So in these stations even when unit is not running we consume auxiliary power. This has led to increase in auxiliary power consumption. However, we get suitable compensation from CERC as far as high auxiliary power consumption is concerned due to partial loading and reserve shutdown.

Abhishek Puri: In case of a back down you are saying?

Management: Yes. In case of backing down and in case of reserve shutdown, when auxiliary power consumption is more there is provision for compensation as per CERC guidelines.

Abhishek Puri: Right. Sir, my second question is on the regulated equity growth that has been pretty muted. Operating results seem to be a little weaker than previous quarter. Yes the profitability is higher so what will be the reason for the same and which is why we were asking for adjusted profit numbers earlier?

Management: No, in case of adjusted profit, there are no major differences with respect to the reported numbers. In the first quarter, there were certain



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under recoveries due to DSM, etc., which are not there in the current quarter. If you consider surcharge along with fixed charge under recovery I think that would clarify your question.

Moderator: Thank you. The next question is from the line of Subhadip Mitra from JM Financial. Please go ahead.

Subhadip Mitra: My question is with reference to the low PAF that we have been seeing at the plants. I understand a large component of it is because of fuel-related issues. If you could just clarify how we are looking at overcoming the fuel-related issues because I understand that the non-pit head-based plants have been importing coal, but now we have started facing issues even at the pit head-based coal plant so are we looking at importing of coal there as well?

Management: Yes. As far as import of coal is concerned there is award for 6.25 MMT. Out of this we have received 2.8 MMT. Further, under flexibilisation policy, this coal can be supplied to any station wherever there is shortage. In case of Kaniha where we experienced generation loss because of fuel shortage, we have supplied imported coal and we could make up for some of the losses. So we have resorted to supply of imported coal even in some of our pit head stations like Talcher Kaniha and also Sipat, and we will be able to better manage this issue.

Subhadip Mitra: Sir, in your opinion by end of the year we should not have too much of coal-related under recovery?

Management: Yes. The coal-related under recovery in the current quarter is also not that much. It is only around ₹ 120 Crore.



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Moderator: Thank you. The next question is from the line of Aniket Mittal from Motilal Oswal. Please go ahead.

Aniket Mittal: Sir, firstly, you said that post the implementation of LC mechanism you have started receiving some dues. Sir, could you help me understand what that number is and how do we look at your overdue number going forward?

Management: For the electricity supplied after August 1, 2019 there is an LC mechanism and we have been realizing 100% of our dues. So whatever dues are pending, they relate to the period before August 1, 2019.

Aniket Mittal: Sir, I was just trying to understand, going forward if your receivables are coming down ideally this built-in surcharge number should also then come down, right?

Management: Yes. You are right. We believe that we are more interested in recovering our dues rather than making money on surcharge.

Aniket Mittal: Sir, on that point, your borrowings have also increased. So what has been the impact on interest expense, I think to fund that you have also increased your short-term borrowings.

Management: There is an interest cost of ₹ 330 Crore due to short-term borrowings in the current quarter. However, we account for the surcharge also, at a rate of 18% p.a.

Moderator: The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.



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Pulkit Patni: This decline in power generation that we have seen recently, would you attribute it to just poor demand or is it attributable to this LC issue because of which DISCOMs are purchasing less power, how would you look at this?

Management: Fundamentally, it is lack of demand. But if you look at the numbers there has been increase in the hydro generation, there has been increase in the wind generation and accordingly, the coal generation has gone down but ultimately if you look at from the corresponding half year last year there has been a lack of demand.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Sir, just on this surcharge and did I get it right that you spent ₹ 450 Crore as interest cost and you earned ₹ 650 Crore as surcharge for the same period, so net benefit is ₹ 200 Crore?

Management: Interest for the quarter is ₹ 330 Crore, half year it is ₹ 659 Crore and corresponding surcharge is ₹ 822 Crore for half year and ₹ 650 Crore for the quarter.

Puneet J. Gulati: Okay. That is very clear. Secondly, if you can comment a bit on what is happening with your plan for 5 GW renewables?

Management: Okay. In terms of renewables, today we have renewables in two types, one is our own projects and another is through developer mode. Now, as far as our own plants are concerned we have already commissioned capacity of 920 MW. We are going to add 20 MW in this financial year, around 500 MW in next fiscal and in FY22 we will have major



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capacity addition so that we have 6,500 MW of our own capacity by FY22. Further we are going to have around 7,500 MW through developer mode by FY22. So we are trying to achieve a capacity of around 14000 MW by FY22.

Puneet Gulati: So basically you are talking about 5,000 MW getting added in FY22 and have orders been placed for that already?

Management: Orders have not been placed. They are basically under various stages of tendering and the land tie-ups are being done. So this is the number, which we are talking about that we should be able to really do, not that the orders have been placed.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund. Please go ahead.

Dhruv Muchhal: Sir is there any degraded coal loss this quarter?

Management: No. There is no such loss.

Dhruv Muchhal: Sir, just wondering as the PAT number looks decently well, I mean ₹ 3,200 Crore versus ₹ 2,600 Crore in first quarter so what is driving this number? I understand the late payment surcharge, but even if you adjust it to late payment what is driving this?

Management: In addition to that, there were under recoveries in Q1 regarding depleted coal and DSM which have been made good, that is also making a difference.

Moderator: The next question is from the line of Atul Tiwari from Citigroup. Please go ahead.



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Atul Tiwari: Sir, my question is, again, on the surcharge income. So you are booking the surcharge at 18% and obviously DISCOMS are obligated to pay, but is not there a risk that at such a high rate of surcharge ultimately when the time comes to settle the dues, they may ask you to reduce the rate because anyway they are not able to pay the principal amount itself?

Management: This surcharge is as per CERC tariff regulations. So this is not applicable from the current year but has been applicable even in the past and in the past also we have been recovering 100% of our outstanding dues billed as surcharge.

Management: On outstanding dues we wanted to share some numbers. In July 2019 the total outstanding was ₹ 22,742 Crore. Now we have done the billing for August, September and October, which was ₹ 22,336 Crore, against that we have got ₹ 24,716 Crore, which means that we have got ₹ 2,380 Crore more than the billed amount. So today's outstanding is ₹ 20,362 Crore. I think that clarifies your question.

Moderator: Thank you. The next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

M Arsiwalla: One is, Sir, how is the plant availability and capacity under recovery going into the third quarter because from the numbers that we can see from Coal India coal dispatches have been weak as well as extended monsoons have been a concern? Second, Sir, if you look at the regulatory deferral account during the quarter there is a sequential jump so any specific items which have been included in that and the third is Sir, you talked about the DSM and the degraded coal losses in



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first quarter being made good does that mean that there were no losses in the quarter or you were able to sort of partly recover some of the money that you lost in the previous quarter?

Management: Up to fiscal end, we expect fixed charges under recovery will be less than ₹ 200 Crore because the part related with the outages will not be there.

M Arsiwalla: So, we have not had any disruption on fuel availability in the month of October and early November so far?

Management: Traditionally, rather historically, this is a period when coal supply from Coal India increases and we are seeing that. Coal supply to our stations is gradually increasing. So related to coal supply issues I am not foreseeing loss of generation and also to fall back upon, we have imported coal orders available with us, which is yet to be delivered, which can be supplied to any of the stations where we require it and coal inventory has also gone up in recent 2, 3 weeks. It has gone up by at least 1 MMT and is increasing day by day. Actually reduction in demand is helping us in terms of availability of coal.

Management: Your second question was related to the accounting of regulatory deferral account balance. In Q1 and Q2 we are accounting for on a similar basis there are no new numbers although there is some increase on account of ash transportation expenses, which we account for under expenses and corresponding regulatory deferral account balance is created. So in this half year we have accounted for ₹ 230 Crore towards fly ash transportation expenses as regulatory deferral account balance.



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Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to the management team for closing comments.

A.K. Gautam: If any question is still remaining you can contact Mr. Aditya Dar. Thank you.

Moderator: Thank you very much. On behalf of Edelweiss Securities that concludes the conference. Thank you for joining us, Ladies and Gentlemen. You may now disconnect your lines.