

एनटीपीसी  
NTPC

Powerful Growth Continually !



**30<sup>th</sup> ANNUAL  
REPORT**  
**2005-2006**



## **VISION**

“A WORLD CLASS INTEGRATED POWER MAJOR,  
POWERING INDIA’S GROWTH,  
WITH INCREASING GLOBAL PRESENCE”

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## **CORE VALUES**

**(B-COMIT)**

**BUSINESS ETHICS**

**CUSTOMER FOCUS**

**ORGANISATIONAL & PROFESSIONAL PRIDE**

**MUTUAL RESPECT & TRUST**

**INNOVATION & SPEED**

**TOTAL QUALITY FOR EXCELLENCE**

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## **CORPORATE MISSION**

“DEVELOP AND PROVIDE RELIABLE POWER, RELATED PRODUCTS  
AND SERVICES AT COMPETITIVE PRICES, INTEGRATING MULTIPLE  
ENERGY SOURCES WITH INNOVATIVE AND ECO-FRIENDLY  
TECHNOLOGIES AND CONTRIBUTE TO SOCIETY ”



## CORPORATE OBJECTIVES

To realise the vision and mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies:

### ■ Business portfolio growth

- To further consolidate NTPC's position as the leading thermal power generation company in India and establish a presence in hydro power segment.
- To broad base the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

### ■ Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, *inter alia* retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

### ■ Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
  - Adopting a portfolio approach to new business development.
  - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
- To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
- To effectively leverage Information Technology to ensure speedy decision making across the organisation.

### ■ Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process efficiencies.
- To aim for performance excellence in the diversification businesses.
- To embed quality in all systems and processes.

### ■ Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

### ■ Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

### ■ Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reform, disseminating best practices in the operations and management of power plants etc.

### ■ Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.



## REFERENCE INFORMATION

### Registered Office

NTPC Bhawan, SCOPE Complex ,  
7, Institutional Area, Lodi Road,  
New Delhi – 110 003  
Phone No. : 011-2436 0100  
Fax No. : 011-2436 1018  
Web site : www.ntpc.co.in

### Subsidiaries

NTPC Electric Supply Company Ltd.  
NTPC Hydro Ltd.  
NTPC Vidyut Vyapar Nigam Ltd.  
Pipavav Power Development Company Ltd.

### Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.  
Karvy House, 46, Avenue 4, Street No. 1  
Banjara Hills, Hyderabad – 500 034  
Phone No. : 040-2331 2454  
Fax No. : 040-2331 1968  
E- Mail – Id : ntpcipo@karvy.com

### Shares listed at

National Stock Exchange of India Limited  
Bombay Stock Exchange Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Company Secretary

A.K. Rastogi

### Bankers

Allahabad Bank  
Andhra Bank  
Bank of Baroda  
Canara Bank  
Central Bank of India  
Dena Bank  
Indian Bank  
Indian Overseas Bank  
ICICI Bank Ltd.  
Jammu & Kashmir Bank Ltd.  
Oriental Bank of Commerce  
Punjab National Bank  
Punjab & Sind Bank  
State Bank of Bikaner & Jaipur  
State Bank of Mysore  
State Bank of Hyderabad  
State Bank of India  
State Bank of Patiala  
State Bank of Travancore  
State Bank of Saurashtra  
UCO Bank  
Union Bank of India  
United Bank of India  
Vijaya Bank

### Auditors

M/s Kalani & Co.  
M/s Amit Ray & Co.  
M/s Umamaheswara Rao & Co.  
M/s S.N. Nanda & Co.  
M/s T. R. Chadha & Co.



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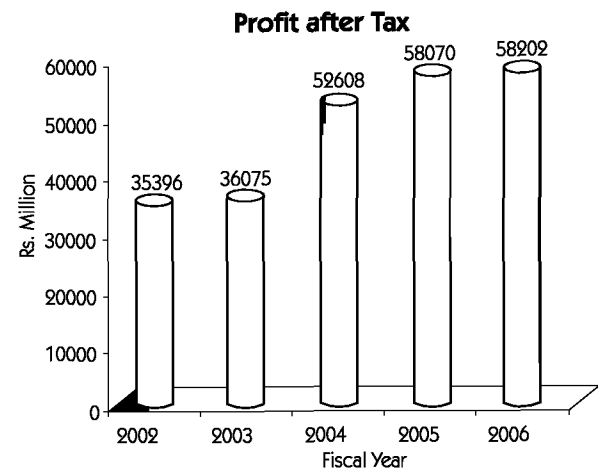
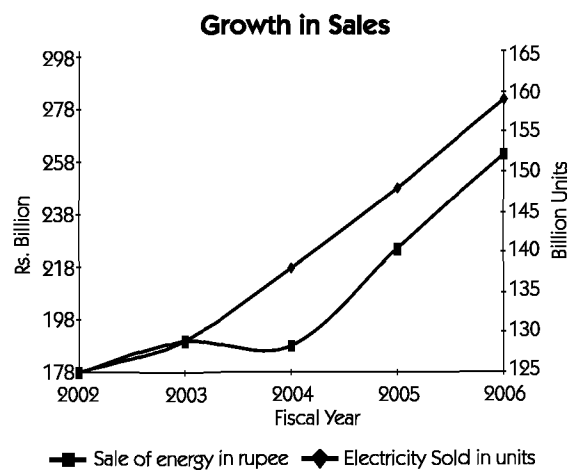
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## THE YEAR AT A GLANCE

		2006	2005
Commercial Generation	Million Units	<b>169789</b>	158271
Sale of Energy	Rs Million	<b>260701</b>	225069
Profit before tax	"	<b>60224</b>	60782
Profit after tax	"	<b>58202</b>	58070
Dividend	"	<b>23087*</b>	19790
Dividend tax	"	<b>3238</b>	2680
Retained Earnings	"	<b>31877</b>	35600
Net Fixed Assets	"	<b>230895</b>	223148
Net Worth	"	<b>449587</b>	417763
Loan Funds	"	<b>201973</b>	170878
Capital Employed	"	<b>523572</b>	500540
Net Cash From Operations	"	<b>62064</b>	50998
Value Added	"	<b>97482</b>	88415
No. of Employees #	"	<b>21870</b>	21420
Value added per employee	Rs Million	<b>4.46</b>	4.13
Debt to Equity	Ratio	<b>0.45</b>	0.41
Return on Capital Employed (%)	%	<b>12.46</b>	12.77
Face Value per share	Rs.	<b>10.00</b>	10.00
Dividend Per share	"	<b>2.80*</b>	2.40
Book Value per Share	"	<b>54.53</b>	50.67

# excluding JVs, Subsidiaries and BTPS (owned by NTPC w.e.f. 1<sup>st</sup> June, 2006)

\* including final dividend recommended by the Board





## LETTER TO SHAREHOLDERS



Dear Shareholders,

NTPC Ltd. is marching ahead from strength to strength. During the year 2005-06, our stations performed at the highest ever plant load factor of 87.54% and generated 170.88 billion units of electricity which was 7.40% higher than the previous year's generation of 159.11 billion units and accounted for almost 28% of power generated in India.

Our gross revenues for the year were Rs. 287 billion and grew by more than 15% over the previous year. Our reported profit after tax for the year was almost the same as in the previous year at Rs. 58 billion. However, on an adjusted basis the profits grew by almost 18%.

We believe that the Indian Economy is on robust growth trajectory and the Indian Power Sector also has an immense potential to grow. We believe that we are well positioned to be a part of this growth story and play our role as one of the growth engines of the economy. Our strategy is to increase our already substantial (nearly 20%) market share in the Indian Power sector through rapid capacity expansion. We are planning to be a 51 GW company by the year 2012 and 70 GW plus company by 2017. Currently we are a 26 GW company. We are presently executing projects having capacities of more than 11 GW. We plan to add capacities on our own as well as through joint ventures and subsidiaries.

We know that there are challenges in the sector. Availability of fuel at an affordable price is a major challenge. We have adopted a strategy of backward integration and are entering into coal mining and exploration for gas. We would also be increasing the share of hydro projects in our portfolio and we are also exploring the possibility of putting up nuclear power projects. We have made arrangements to meet the near-term supplies through coal imports and spot-buying of gas.

The financial health of our customers is also a key concern for us. The reforms taking place in the sector have begun to yield results and are likely to improve the financial health of the customers. For the third consecutive year, we have been able to realize 100% of the amounts due from our customers. We are taking a number of initiatives to partner our customers in improving their operations and management practices and thereby their health.

We are operating in a regulated environment and there are risks attached to it. However, we believe that regulators would continue to incentivise efficiency and we have strategies to continuously improve our efficiency in operations through technological upgradations, modernization, adoption of best practices and global benchmarking. We expect greater infusion of market oriented features in the regulated power sector scenario. To take advantage of such a shift, we have earmarked some of the upcoming capacities as ' Merchant Power Plants '. The formation of two of our subsidiary companies, one for distribution and the other for power trading are also part of the strategy for leveraging our strengths in the changed scenario.

Our company has one of the world's finest teams of power professionals and they are acknowledged for their ' can do it ' spirit. We have a very well conceived plan for quantum growth and diversification which our team is fully equipped to implement. I am sure that you will be happy to be a part of our exciting journey of growth and excellence and to share the benefits thereof.

With best wishes,

(T. Sankaralingam)  
Chairman & Managing Director



## NOTICE

Notice is hereby given that the Thirtieth Annual General Meeting of the members of NTPC Limited will be held on Tuesday, September 19, 2006 at 11.30 a.m. at NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110 001 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2006 and Profit & Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the year 2005-06.
3. To appoint a Director in place of Shri R.S. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.K. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K. Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

By order of the Board of Directors

### Regd. Office:

NTPC Bhawan, 7, Institutional Area,  
Lodi Road, New Delhi-110 003  
Date: August 4, 2006

(A.K. Rastogi)  
Company Secretary

### NOTES :-

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company. In order to be effective, the Proxy form duly completed should be deposited at the registered office of the company not less than forty-eight hours before the scheduled time of the Annual General Meeting. Blank proxy form is enclosed.**
2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri R.S. Sharma, Shri R.K. Jain and Shri A.K. Singhal, Directors retiring by rotation and seeking re-appointment under Item No. 3, 4 and 5 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as those directors who have been appointed since the last Annual General Meeting are also annexed. The tenure of Shri R.S. Sharma, Shri R.K. Jain and Shri A.K. Singhal is upto October 7, 2009, December 31, 2009 and July 31, 2010 respectively as per terms of their appointment by the Government of India.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 1, 2006 to September 15, 2006 (both days inclusive). The dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after September 22, 2006 to the Members or their mandates whose names appear on the Company's Register of Members on September 15, 2006 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on August 31, 2006.





4. Members are requested to:-
  - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
  - ii) bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
  - iii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
  - iv) quote their Folio / Client ID & DP ID Nos. in all correspondence.
  - v) **note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Hall.**
  - vi) note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, Registrar & Transfer Agent of the Company. Those holding shares in Electronic Form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ Registrar & Transfer Agent /DP with complete details need not send it again.  
  
The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Transfer Agent of the Company to enable them to print these details on the dividend warrants.
6. Members holding shares in different folios in physical mode are requested to apply to the Company or its Registrar & Transfer Agent for consolidation and send relevant Share Certificates for consolidation.
7. The Board of Directors in its meeting held on January 30, 2006 had declared an interim dividend @ 20% on the paid-up equity share capital of the company. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately .
9. Members may avail of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the Form-2B as prescribed in the Companies (Central Government's) General Rules and Forms, 1956, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Form-2B is to be submitted in duplicate to Karvy Computershare Private Limited, Registrar & Transfer Agent of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
10. Annual listing fee for the year 2006-07 has been paid to all Stock Exchanges wherein shares of the Company are listed.
11. Pursuant to Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C & AG) and in terms of Clause (aa) of sub-section (8) of Section 224 of the Companies Act, 1956 their remuneration has to be fixed by the Company in the Annual General Meeting. The Members of the Company in the 29<sup>th</sup> Annual General Meeting held on September 23, 2005 authorised the Board of Directors to fix the remuneration of Statutory Auditors for the year 2005-06. Accordingly, the Board of Directors fixed audit fee of Rs.40,00,000/- for the Statutory Auditors for the financial year 2005-06 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses for visits to accounting units. Further, Statutory Auditors of the Company for the year 2006-2007 has been appointed by C&AG of India, the Members may authorise the Board to fix an appropriate remuneration of Auditors as may be deemed fit by the Board.



12. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
13. Member are requested to notify immediately any change of address:
  - i. to their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - ii. to the Company at its Registered Office or to its Registrar & Transfer Agent, Karvy Computershare Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
14. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Shri A.K. Kundu, Executive Director (Finance) and Public Spokesperson of the Company at the registered office of the company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
15. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

**BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING**  
**Directors seeking re-election at the 30<sup>th</sup> AGM**

Name	Shri R.S. Sharma	Shri R.K. Jain	Shri A.K. Singhal
Date of Birth & Age	10.08.1950/ 56 yrs	15.12.1949/ 57 yrs	10.01.1954/ 52 yrs.
Date of Appointment	08.10.2004	05.05.2005	01.08.2005
Qualifications	Graduate in Mechanical Engineering	Graduate in Mechanical Engineering	Chartered Accountant
Expertise in specific functional area	Shri R.S. Sharma has vast and rich experience of around 35 years in Thermal Power Stations. Prior to joining NTPC, he has worked in Madhya Pradesh State Electricity Board. He also served as Executive Director (Commercial) looking after the Commercial Functions of the company. He has been author to a number of Technical papers on various subjects of Power Plant Operation & Maintenance.	Shri R.K. Jain has vast experience of over 34 years in thermal and gas power projects in the area of Project Planning, Conceptualisation, Design/ Engineering, Contract & Materials etc. He has also served as General Manager (Consultancy & Joint Ventures), Executive Director (Corporate Contract & Materials) and Executive Director (National Capital Region).	Shri A.K. Singhal has with him vast and rich professional experience of over 29 years of handling all the facets in Corporate Finance and Accounts. Prior to joining NTPC in 2001, he was the Executive Director (Finance) in National Fertilizers Limited (NFL) as head of Finance & Accounts department. He held various managerial positions in Krishak Bharati Cooperative Limited (KRIBHCO) and Engineering Projects of India Limited (EPIL).
Directorship held in other companies	<b>Part-time Chairman</b> 1 NTPC SAIL Power Co. Pvt. Ltd. 2 Bhilai Electric Supply Company Private Limited  <b>Part-time Director</b> 1. NTPC Electric Supply Co. Ltd. 2. NTPC Vidyut Vyapar Nigam Ltd. 3. PTC India Ltd.	<b>Part-time Director</b> 1 NTPC Tamil Nadu Energy Co. Ltd. 2 NTPC Electric Supply Company Ltd.	<b>Part-time Chairman</b> 1. Utility Powertech Limited <b>Part-time Director</b> 1. NTPC-Electric Supply Company Ltd. 2. NTPC Vidyut Vyapar Nigam Ltd. 3. NTPC Tamil Nadu Energy Co. Ltd. 4. NTPC Hydro Ltd. 5. NTPC-SAIL Power Company Pvt. Ltd. 6. Bhilai Electric Supply Company Pvt. Ltd. 7. NTPC Alstom Power Services Pvt. Ltd. 8. Ratnagiri Gas and Power Pvt. Ltd.