

Powerful Growth Naturally!

**32nd ANNUAL
REPORT**
2007-2008

VISION

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



CORE VALUES

(B-COMIT)

BUSINESS ETHICS

CUSTOMER FOCUS

ORGANISATIONAL & PROFESSIONAL PRIDE

MUTUAL RESPECT & TRUST

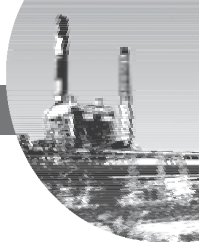
INNOVATION & SPEED

TOTAL QUALITY FOR EXCELLENCE



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 reforms, 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.
Kanti Bijlee Utpadan Nigam Limited
(Formerly Vaishali Power Generating Company Ltd.)
Bhartiya Rail Bijlee Company Limited

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.
17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081
Phone No. : 040-2342 0815-28
Fax No. : 040-2342 0814
E- Mail – Id : mailmanagar@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

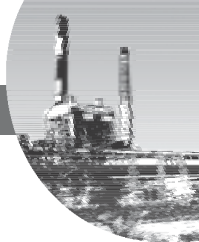
A.K. Rastogi

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 Varma & Varma
M/s B.C. Jain & Co.
M/s Parakh & Co.
M/s S.K. Mittal & Co.
M/s Dass Gupta & Associates
M/s S.K. Mehta & Co.



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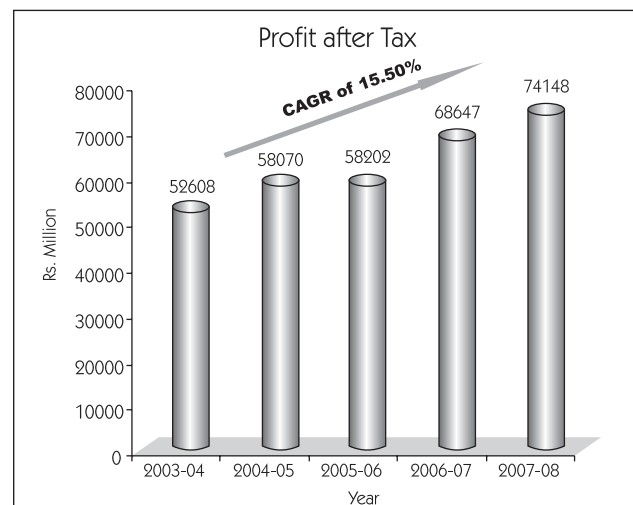
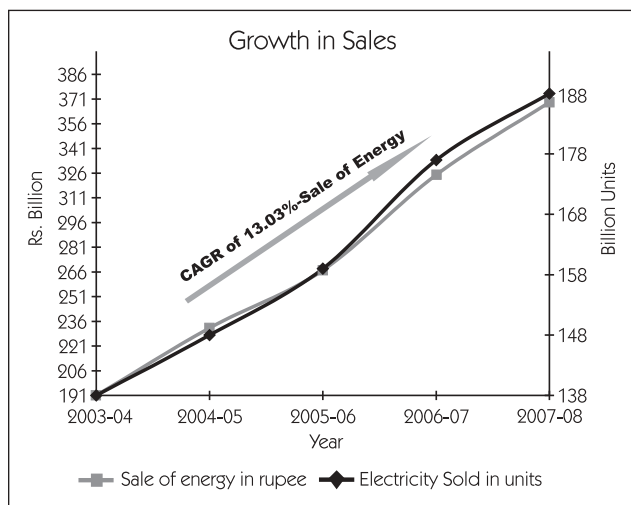
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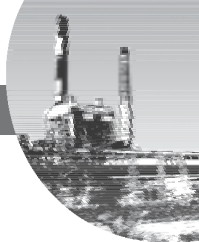
THE YEAR AT A GLANCE

		2008	2007
Gross Generation	Million Units	200863	188674
Commercial Generation	Million Units	200280	188140
Energy sent out	Million Units	187988	176530
Sale of Energy	Rs. Million	369462	325344
Profit before tax	"	102549	89074
Profit after tax	"	74148	68647
Dividend	"	28859	26385
Dividend tax	"	4905	3896
Retained Earnings	"	40384	38366
Net Fixed Assets	"	260937	256481
Net Worth	"	526386	485968
Loan Funds	"	271906	244844
Capital Employed	"	588868	564331
Net Cash From Operations	"	101711	80653
Value Added	"	127538	111012
No. of Employees #		23674	23602
Value added per employee	Rs Million	5.39	4.70
Debt to Equity	Ratio	0.52	0.50
Return on Capital Employed	%	14.07	13.89
Face Value Per share	Rs.	10.00	10.00
Dividend Per Share	"	3.50*	3.20
Book Value Per Share	"	63.84	58.94
Earnings Per Share	"	8.99	8.33

excluding JVs, Subsidiaries;

* including final dividend recommended by the Board





LETTER TO SHAREHOLDERS



Dear Shareowner,

Your Company is entering into a higher orbit of performance and growth with many opportunities and challenges. The Company has crossed the 400 billion mark in terms of gross revenue (Rs. 400.113 billion) and the 200 billion mark in terms of power generation (200.84 billion units) in the year 2007-08. Its net profit was Rs.74,148 million. Its total installed capacity, including that under joint ventures, is close to 30,000 MW (29,394 MW). Coal based power stations operated at 92.24% PLF. With 19.11% of the country's capacity, NTPC accounted for 28.51% of the total power generation in India. Your Company has made an impressive contribution of Rs.57,009.7 million to the Central Exchequer.

In the year 2008-09, your Company is striving to put capacity of 3,000 MW under commercial generation, the highest for any single year so far for the Company. Capacity addition is on course. Currently 16,680 MW is under construction. We plan to place orders for 11,000 MW during 2008-09. We plan to commence coal production from the Pakri-Barwadih mines in 2008-09.

Your Company's performance in the stock market has been steady and robust amid the fluctuations and shareholder wealth has increased over three times in a period of nearly three and a half years since its IPO in October 2004 till the end of the March 2008. Our investor base has crossed the number of 1 million shareholders, indicating that your confidence in our Company is continuously rising.

The tremendous power appetite of the country – whetted by economic growth, rising living standards and requirements of a huge population – translates into abundant growth opportunities for NTPC. Your Company is ready with strategies and targets both short-term and long-term, to leverage its resources and strengths to exploit the growth opportunities.

We plan to become 50,000 MW Plus by 2012 and 75,000 MW Plus by 2017. This works out to 10.4% CAGR up to 2017 whereas the national CAGR works out to 8.5% based on the power requirement data in the Integrated Energy Policy of the Planning Commission.

In order to secure inputs for the growth plans of your Company, we are pushing our coal mining activities forward; we have entered into joint ventures for equipment manufacturing and EPC and we are exploring good project sites. In order to help in meeting the huge skilled manpower requirement of the sector, we are developing or adopting technology training institutes.

In order to secure fuel resources, we are exploring opportunities for coal and gas supplies from countries like Indonesia, Mozambique and Nigeria.

Your Company has plans to increase its global presence. In Sri Lanka, the site for setting up Company's first power station abroad in joint venture with Ceylon Electricity Board has been finalized. The power plant is scheduled to become operational by 2012.

Your Company is revising its long-term Corporate Plan and has decided to chalk out a new Corporate Plan for the time horizon 2007 to 2027. Continuous efficiency improvement, through technological initiatives and upgradation and promoting environmentally sustainable power development, have always been high on the management's agenda and action-plan. Our change management initiatives with intensification of IT enablement and use of ERP are underway.

We expect greater infusion of competition and other free-market features in the sector and our strategies are aimed at continuous improvement in our performance through technological initiatives and upgradation, modernization, adoption of best practices and global benchmarking. We are scaling up our R&D activities and are giving stronger thrust to research on sustainable power development. We believe that the power market and the regulatory regime will incentivise efficiency and our business plans are firmed up accordingly.

Our generation per employee and other productivity indices per employee have been continuously improving. The rising manpower productivity in NTPC will mean less number of people, generating more power and building more projects. NTPC has been consistently rated among the best employers and among the best places to work for in the most prestigious surveys.

Our focus on people, our emphasis on transparency, fairness and sound governance, our demonstrated concern for the socio-economic support and improvement of communities in the vicinity of our Units and also in other parts of the country have contributed to generating invaluable goodwill for your Company. We are stepping up our engagement with all stakeholders in order to strengthen sustainable bonds of development, growth and trust.

Your Company is imparting strong thrust on corporate social responsibility. We are setting up a large number of Distributed Generation Units at remote un-electrified villages. These small Units have brought about transformational socio-economic change in these villages. Participation of the local community and use of locally available renewable energy sources have been instrumental in the success of these projects. We are making substantial contribution to rural electrification through our active participation in Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) of the Government of India. In order to contribute towards augmenting availability of skilled manpower in the sector, your Company is adopting and upgrading Industrial Training Institutes (ITIs) and is setting up new ITIs near its units.

With its performance oriented culture and its focus on ensuring the highest standards of governance and overall excellence, your Company's efforts aim at maximising the returns to its stakeholders.

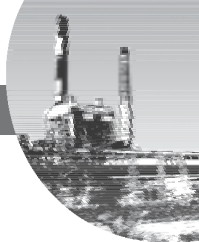
With best wishes,

Yours sincerely,



(R.S. Sharma)

Chairman & Managing Director



NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the members of NTPC Limited will be held on Wednesday, September 17, 2008 at 11.30 a.m. at Air Force Auditorium, Subroto Park, New Delhi – 110 010 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008 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 payment of interim dividend and declare final dividend for the year 2007-08.
3. To appoint a Director in place of Dr. R.K. Pachauri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Ashok Misra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri R.C. Shrivastav, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

Special Business

7. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
 - i) Resolved that pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and the requirements of lenders, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, whether by way of Term Loan/ Line of Credit / Equipment Finance/ Project Finance/ Bridge Loans / Cash Credit facilities / Public Deposits or otherwise from Financial Institutions/ Banks or from Public/ Bodies Corporate or from Government Body/ Corporation or Government of India or by way of External Commercial Borrowings or from Multilateral/ Bilateral agencies within India or abroad or by way of issue of bonds in domestic or International Markets on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) at any time shall not exceed in the aggregate Rs. 1,00,000 crore (Rupees One Lac Crore Only) irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose.
 - ii) Further resolved that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/ or create charge on all or any one or more of the movable and / or immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of National/ International Financial Institutions/ Banks/ Trustees for the Bond Holders (in case of issue of Bonds) etc. hereinafter referred to as "the lenders" to secure any Term Loans/ Cash Credit Facilities/ Debentures/ Bonds or otherwise, obtained/ to be obtained from any of the aforesaid lenders together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or on redemption, cost, charge(s), expenses and all other monies payable by the Company to such lenders under the respective loan/ other agreement(s) entered/ to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board.



- iii) Further resolved that the Board of Directors be and is hereby authorized and it shall always be deemed to have been so authorized to finalize and execute with the Lenders/ Trustees for the holders of the Bonds, the requisite agreement, documents, deeds and writings for borrowing and/ or creating the aforesaid mortgage(s) and/ or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions.

By order of the Board of Directors

Regd. Office:

NTPC Bhawan, 7 Institutional Area,
Lodi Road, New Delhi-110003

Date: 29th July, 2008

(A.K. Rastogi)

Company Secretary

NOTES :-

1. The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item No. 7 above is annexed hereto.
2. **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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from August 30, 2008 to September 17, 2008 (both days inclusive). The final 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, 2008 to the Members or their mandates whose names appear on the Company's Register of Members on September 17, 2008 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 as at the close of business hours on August 29, 2008.
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 Auditorium.**
 - 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 & Share Transfer Agent of the Company. Those holding shares in