

36th
Annual Report
2011-2012



A Maharatna Company



Powering India's Growth

VISION

"TO BE THE WORLD'S LARGEST AND BEST POWER PRODUCER,
POWERING INDIA'S GROWTH"

मूल मान्यताएं

व्यावसायिक नैतिकता

पर्यावरण एवं आर्थिक
रूप से निर्वहनीय

ग्राहक को प्रधानता

संगठन एवं
व्यवसाय पर गौरव

परस्पर आदर
और विश्वास

स्वयं एवं
अन्य का उत्प्रेरण

नवप्रवर्तन और गति

संपूर्ण गुणवत्ता
से उत्कृष्टता

पारदर्शी व
प्रतिष्ठित संगठन

उद्यमशीलता

समर्पित

Core Values

B

Business Ethics

E

Environmentally &
Economically Sustainable

C

Customer Focus

O

Organisational &
Professional Pride

M

Mutual Respect
& Trust

M

Motivating Self
& Others

I

Innovation & Speed

T

Total Quality
for Excellence

T

Transparent &
Respected Organisation

E

Enterprising

D

Devoted

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.
Kanti Bijlee Utpadan Nigam Ltd.
Bhartiya Rail Bijlee Company Ltd.

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 : einward.ris@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
Bank of India
Canara Bank
Central Bank of India
Citi Bank, NA
Dena Bank
Indian Overseas Bank
ICICI Bank Ltd.
IDBI 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
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank

Auditors

M/s O. P. Bagla & Co.
M/s K. K. Soni & Co.
M/s PKF Sridhar & Santhanam
M/s V. Sankar Aiyar & Co.
M/s Ramesh C. Agrawal & Co.
M/s A. R. & Co.

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GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Reports can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail addresses registered with Karvy Computershare Private Limited, RTA of the Company.

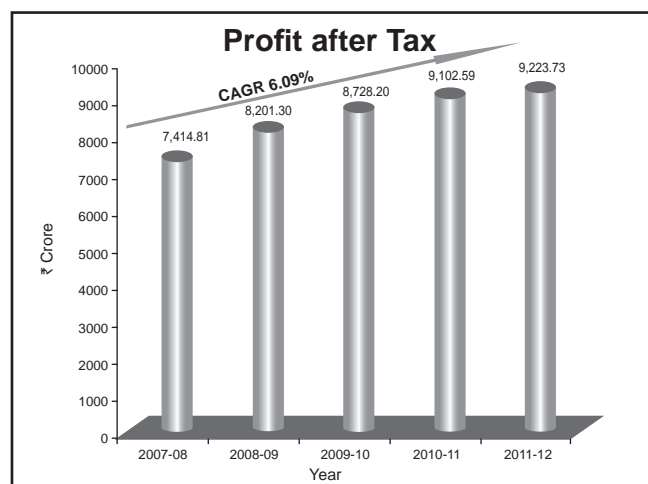
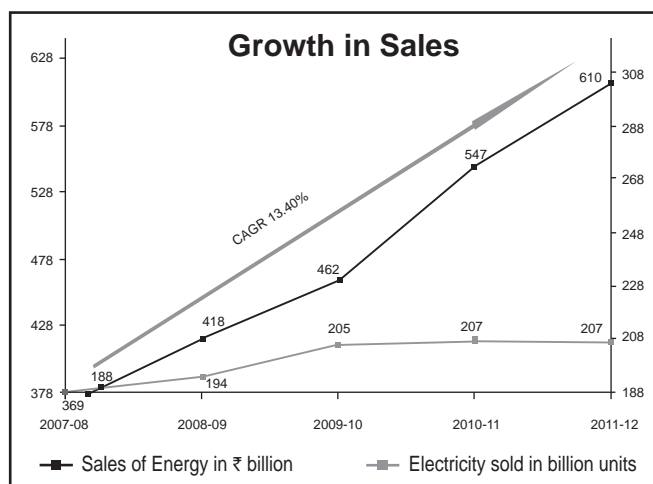
THE YEAR AT A GLANCE

		2011-12	2010-11
Gross Generation	Million Units	222068	220536
Commercial Generation	"	220696	220379
Energy sent out	"	206682	206582
Sale of Energy	₹ Crore	61002	54705
Profit before tax	"	12326	12050
Profit after tax	"	9224	9103
Dividend*	"	3298	3133
Dividend tax**	"	528	515
Retained Profit	"	5398	5455
Net Fixed Assets	"	45258	39236
Net Worth	"	73291	67892
Borrowings	"	50279	43188
Capital Employed	"	75137	71375
Net Cash From Operations	"	13867	11085
Value Added	"	19738	19140
No. of Employees #	Number	24011	23797
Value added per employee	₹ Crore	0.82	0.80
Debt to Equity	Ratio	0.69	0.64
Debt Service Coverage Ratio (DSCR)	Times	3.21	2.57
Interest Service Coverage Ratio (ISCR)	Times	9.81	11.42
Return on Capital Employed	%	14.23	14.30
Face Value Per share	₹	10.00	10.00
Dividend Per Share	"	4.00*	3.80
Book Value Per Share	"	88.89	82.34
Earnings Per Share	"	11.19	11.04

excluding JVs and Subsidiaries

*including final dividend recommended by the Board

**including tax on final dividend recommended by the Board



LETTER TO SHAREHOLDERS

Dear Shareowners,

I am extremely happy to share with you that the year 2011-12 was full of exceptional achievements for your Company. During the year, your Company commissioned 2820 MW generating capacity, the highest ever in a year, surpassing the record of 2490 MW set in the previous year. This includes 1000 MW capacity addition through the joint venture Companies, thus bringing to fruition the investments made in these Companies. With this, the 11th Plan period target of 9220 MW was exceeded as the total capacity addition by NTPC reached 9610 MW.



Not only has your Company added 5310 MW capacity during the last two fiscal years, it has also added more than 2000 MW (2160 MW) in the first quarter of 2012-13. Going forward, 16638 MW capacity is under construction, including 4210 MW through the Company's joint ventures/subsidiaries. Further, work has been awarded for 6860 MW so far during the calendar year 2012.

With over 39000 MW installed capacity, your Company is the largest power generator in the Country. You will be glad to know that your Company has been ranked No. 1 Independent Power Producer in the world in 2011 by Platts, a part of the prestigious McGraw Hill Group, in its top 250 global energy Companies' ranking. At the 337th position in the Forbes Global 2000 list of the world's largest Companies for the year 2012, your Company is 3rd in Asia among electricity utilities.

Your Company, along with its JVs and subsidiaries, has maintained its leadership position in the Indian power sector with 27.4% share of the total power generated in the Country during 2011-12. Your Company achieved a robust Plant Load Factor (PLF) of 85% for its coal projects as against the national average of 73.32%. The Company would have achieved still higher PLF but for the generation loss due to grid restrictions by the financially constrained customers. During the year, it achieved an average 'Availability Factor' of 89.5%. Your Company is committed to bring about continuous improvement in generation efficiency to maintain high standards of reliability through latest technologies and practices.



CMD, NTPC Ltd. receiving Scope Excellence Award (Gold Trophy) in Institutional category from Dr. Manmohan Singh, Hon'ble Prime Minister.

The total income of your Company increased by 12% over the previous year, to ₹ 64,514.79 crore. For the year 2011-12, your Company has paid an interim dividend of 35% and has also proposed a final dividend of 5%, taking the total dividend to the highest ever 40%.



Six employees of NTPC conferred with the prestigious Prime Minister's Shram Award.

Your Company has been able to sustain its profitability despite the challenges affecting the Indian Power Sector. The net profit increased by 1% to ₹9,223.73 crore which is commensurate with the increase in revenue from operations excluding the impact of increase in the fuel cost. Your Company ranks 5th among all the listed Companies in terms of Profit After Tax for 2011-12.

Along with the financial top line and bottom line, your Company puts equally sharp focus on the environmental and social bottom lines. Bulk of the new capacity addition would come through super critical units leading to greater efficiency and reduced impact on the environment, thus promoting sustainable growth. Your Company has taken several initiatives to increase the share of electricity based on non-fossil sources in its portfolio as well as in the Country. Work is already in progress on 5 hydro-electric projects with

total capacity of 1619 MW. A roadmap for development of 1000 MW basket through renewable energy sources is under development, out of which the roadmap has already been prepared for implementation of 300 MW capacity by 2017. Solar capacity of 105 MW is targeted to be completed till 2017 most of which is in advanced stages of work or ordering. Your Company is playing a key role in the implementation of the first phase of Jawaharlal Nehru National Solar Mission (JNNSM) of 1050 MW through its trading subsidiary NTPC Vidyut Vyapar Nigam Ltd (NVVN). Under this mission, NVVN has awarded contracts for about 1000 MW. So far, 173 MW capacity of Solar PV has been commissioned. Further, Solar Projects of 861 MW capacity are scheduled for commissioning over the next two years.

Your Company has set another example by designing and installing a 40 TR Solar Thermal based heating, ventilation, air conditioning (HVAC) system at the campus of its research arm, NTPC Energy Technology & Research Alliance (NETRA) located at Greater Noida. This system is first of its kind in the Country and has a very high solar to air conditioning efficiency. It is likely to result in energy saving of nearly 1 lakh units per year and CO₂ reduction of 75% compared to conventional AC system.

The environmental initiatives taken by your Company have led to avoidance of 1.96 million tons of CO₂ during the year 2011-12. For monitoring air quality around its power plants on real time basis, 61 Ambient Air Quality Monitoring Systems (AAQMS) have been installed and networked to provide online access to the Central Pollution Control Board also. Till date your Company has planted more than 19 million trees throughout the Country. This is a rich carbon sink. Various water conservation measures have been taken to reduce water consumption in power generation by using 3 R's (Reduce, Reuse & Recycle) as the guiding principle.

Your Company has built strong partnerships with the communities around its projects and also with the wider society through



Shri Sushilkumar Shinde, Hon'ble Union Minister of Power, inaugurated the Solar Thermal Heating Ventilation & Air Conditioning at NTPC – NETRA.

a well conceived basket of CSR interventions for the betterment of lives of the people. The large CSR basket consists of, among other areas, education and capacity building facilities, health care support, sanitation and public health, promotion of sports and games, community centres, vocational training and capacity building, skill development centres, access to water, road, and electricity, support for agricultural activities and other initiatives considered beneficial for the neighbourhood population around the business units. During the year 2011-12, your Company scaled up its expenditure on the CSR activities in a major way utilizing over 0.5% of its Profit After Tax.

Your Company is playing an active role in preserving and nurturing the rich cultural heritage of our nation. As part of commemorating the 150th birth anniversary of Swami Vivekananda, your Company has provided support to



Receiving PSU Excellence Award, 2010 in the Best Financial Performance Category by Indian Chamber of Commerce.

the Ramakrishna Mission for organizing various activities. Your Company is committed to conservation of historical sites at Mandu in Madhya Pradesh, Temples of Jageshwar at Uttarakhand and Lalitgiri/ Dhuli in Odisha, under an MoU with the Archaeological Survey of India and the National Cultural Fund (NCF).

In order to expand the geographies of its operations, your Company has formed a joint venture, "Trincomalee Power Company Limited", with Ceylon Electricity Board for setting-up a 2x250 MW coal based power project in Sri Lanka. A JV Agreement has been signed between NTPC and Bangladesh Power Development Board for setting up a 2x660 MW power plant at Khulna, Bangladesh and the process of incorporation of the JV Company is under way. Your Company's wholly owned subsidiary 'NVVN' has been designated as the nodal agency for 'cross-border-power-trading' with Bhutan and Bangladesh.

Your Company maintains close interface with all the stakeholders, continuously scans the business environment and proactively engages in policy advocacy. Some of the key concerns which have emerged during interactions with stakeholders are slow capacity addition, inadequate fuel supply, financial status of the state utilities, issues concerning tariff revisions and distribution reforms, delay in land acquisition and environmental clearances. Your Company has taken several steps to overcome these challenges which include bulk tendering to step up capacity addition, pre-qualification of vendors to reduce the time taken in award of work and induction of more vendors, direct import of coal, development of its own mines, incentives to customers for prompt payment, constant interaction with contractors to resolve contractual issues, to cite a few.

The Government of India has taken several steps to mitigate the risks in the power sector. Various initiatives have been taken by Ministry of Power and Prime Minister's Office to address the issues concerning fuel supply, land acquisition and environment clearances (especially for coal mines), adequate tariff realizations by distribution Companies, restructuring of financial status of distribution Companies etc. The management of your Company is sure that these initiatives would bring about an upswing in the sector.

Your Company would continue to strive for excellence and pursue the vision of becoming the world's largest and best power producer, powering India's growth. In the 12th Plan period your Company plans to add 14038 MW of installed capacity to maintain its leadership position in the sector. Work on the projects of the 12th Plan period is progressing satisfactorily. The clearances and approvals are in place. Fuel for these projects has also been tied up including that from the captive mines, the first of which is expected to yield coal from next year. Tying up finances for the projects has never been an issue given the excellent rating that your Company enjoys. Considering the growth plans of your Company, a prudent policy of balanced dividend pay-out with the requirement of deployment of internal accruals for its growth plans has been followed by it.

All these achievements have been made possible primarily by the untiring efforts of the employees of your Company for whom NTPC is an 'employer of choice'. It is my pleasure to share with you that in a study on 'India's Best Companies to Work for 2012', by the Economic Times and 'Great Place to Work', your Company has been ranked number 1 among the PSUs and overall 3rd in among the Companies with business operations in India, next only to Google and Intel. Thus your Company has continued the unique tradition of being the only PSU to consistently figure among the best employer surveys by prestigious organizations amid MNCs, and enterprises from IT and service sectors.

I take this opportunity to convey my sincere thankfulness to the Government of India, the State Governments, our valued customers, all the authorities and agencies who provide unstinted support to your Company. I also assure you that 'Team NTPC' will measure up to your expectations and strive to perform beyond them.

With best wishes,

Yours sincerely,



NTPC CSR Initiative : ITI Training

(ARUP ROY CHOUDHURY)
CHAIRMAN & MANAGING DIRECTOR

NOTICE

NOTICE is hereby given that **Thirty Sixth Annual General Meeting** of the members of **NTPC Limited** will be held on **Tuesday, September 18, 2012 at 10.30 a.m.** at Air Force Auditorium, Subroto Park, New Delhi – 110 010, to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Statement of Profit & Loss 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 2011-12.
3. To appoint a Director in place of Shri B.P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors.

SPECIAL BUSINESSES:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification or supersession thereof, the Articles of Association of the Company be and is hereby amended by appending new Article 23A after Article 23 and Article 41A after Article 41 to the existing Articles as per details given below:

Article 23A	Notwithstanding anything contained in these Articles and in pursuance of Section 77A, 77AA and 77B of the Act, the Company, may buy-back its own shares or other specified securities as the Board of Directors may consider appropriate subject to such approvals and sanctions as may be necessary and subject to such limits, restrictions, terms and conditions, etc as may be required under the provisions of the Act/ Regulations/ Rules applicable from time to time including the amendment(s), if any, thereto.	Buy Back of Shares
Article 41A	Subject to the provisions of Section 260 and 264 of the Act, the Board shall have power, at any time and from time to time to appoint a person appointed by the President of India as an additional director on the Board, but such that the total number of directors shall not at any time exceed the maximum number fixed by articles. Any director so appointed shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for re-appointment.	Additional Directors

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Dr. M. Govinda Rao, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Shri S.B. Ghosh Dastidar, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Shri R.S. Sahoo, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company by the President of India vide letter no. 8/6/2011-TH.I (Pt.) dated 26.08.2011 w.e.f. 26.08.2011 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 20.09.2011 under Section 260 of the Companies Act, 1956 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"Resolved that Shri Ajit M. Nimbalkar, who was appointed as an Additional Director (Non-Official Part-time Director) of the Company w.e.f. 20.01.2012, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/6/2010-Th-I (Vol-I) dated 20.01.2012 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."