39TH ANNUAL REPORT 2014-15















एनटीपीसी
NTPC
A Maharatna Company

VISION

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

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"



CORE VALUES

BECOMMITTED

- Business Ethics
- Environmentally & Economically Sustainable
- Customer Focus
- Organisational & Professional Pride
- Mutual respect & Trust
- Motivating Self & Others
- Innovation & Speed
- Total Quality for Excellence
- Transparent & Respected Organisation
- Enterprising
- Devoted

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 lons 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 leverase Information Technolosy 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 minimize 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. . 011-24361018
Email: ntpccc@ntpc.co.in
Web site: www.ntpc.co.in
CIN: L40101DL1975GOI007966

Subsidiaries

NTPC Electric Supply Company Ltd.
NTPC Vidyut Vyapar Nisam Ltd.
Kanti Bijlee Utpadan Nigam Ltd.
Bhartiya Rail Bijlee Company Ltd.

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd
Karvy Selenium Tower-B,
Plot No. 31 & 32,
Gachibowli Financial District,
Nanakramguda, Serilingampally,
Hyderabad – 500 008
Phone No.: 040-67161518
Email: einward.ris@karvy.com

Shares listed at

National Stock Exchange of India Limited
BSE Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary

A. K. Rastogi

Bankers

Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
Corporation Bank
Dena Bank
HDFC Bank
Indian 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
Syndicate Bank
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank
Yes 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.

CONTENTS

- Letter to Shareholders 5
- Notice of AGM 7
- Station-wise Generation 16
- Selected Financial Information 18
- Directors' Profile 19
- Senior Management Team 23
- Directors' Report 24
- Management Discussion and Analysis 48
- Report on Corporate Governance 62
- Corporate Social Responsibility Report 95
- Business Responsibility Report 101
- Standalone Financial Statements (SFS) 114
- Independent Auditors' Report on Standalone Financial Statements..... 154
- Comments of the Comptroller and Auditor General of India on SFS 159
- Employee Cost Summary 160
- Revenue Expenditure on Social Overheads 160
- Subsidiary Companies 161
- Consolidated Financial Statements (CFS) 254
- Independent Auditors' Report on Consolidated Financial Statements..... 296
- Comments of the Comptroller and Auditor General of India on CFS 301

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has takes 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 send 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 requrested to register their e-mail address, 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 address registered with Karvy Computershare Private Limited, RTA of the Company.

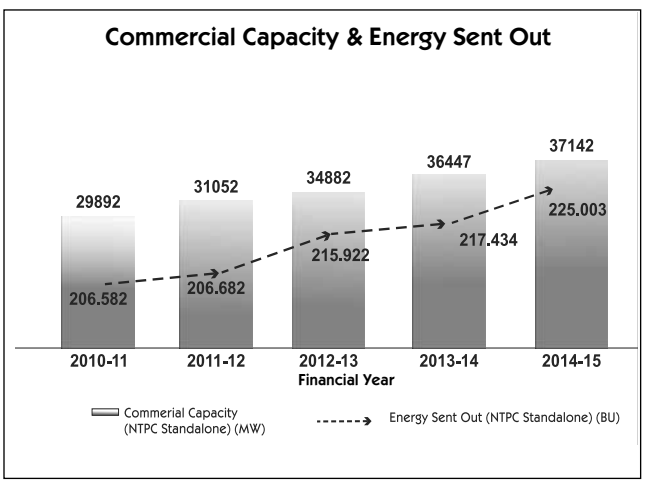
THE YEAR AT A GLANCE

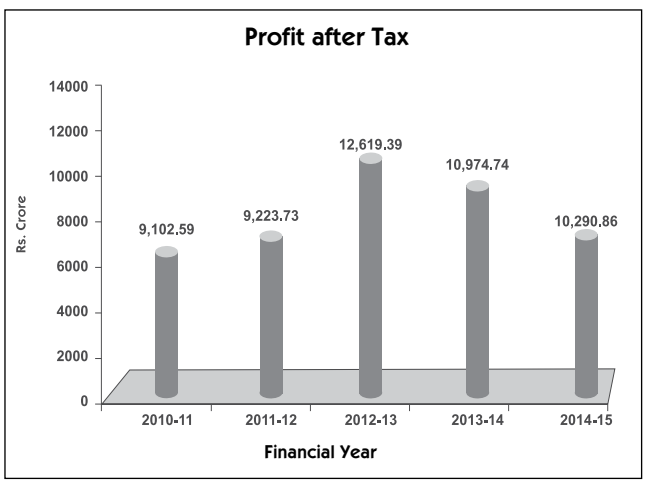
		2014-15	2013-14
Gross Generation	Million Units	241261	233284
Commercial Generation	"	240847	232996
Energy sent out	"	225003	217434
Sale of Energy	₹ Crore	72528	71490
Profit before tax	"	10547	13905
Profit after tax	"	10291	10975
Dividend	"	2061*	4741
Dividend tax	"	417**	805
Retained Profit	"	7812	5429
Total Fixed Assets	"	135343	117000
Net Worth	"	81657	85815
Borrowings	"	85995	67170
Capital Employed	"	94741	92892
Net Cash From Operations	"	14235	15732
Value Added	"	25078	25966
No. of Employees #	Number	22496	23411
Value added per employee	₹ Crore	1.11	1.11
Debt to Equity	Ratio	1.05	0.78
Debt Service Coverage Ratio (DSCR)	Times	2.44	2.77
Interest Service Coverage Ratio (ISCR)	Times	6.72	8.62
Return on Capital Employed	%	13.68	14.37
Face Value Per share	₹	10.00	10.00
Dividend Per Share	"	2.50*	5.75
Book Value Per Share	"	99.03	104.08
Earnings Per Share	"	12.48	13.31

*including final dividend recommended by the Board

**including tax on final dividend recommended by the Board

excluding Joint Ventures and Subsidiary Companies





LETTER TO SHAREHOLDERS



Dear Shareowners,

I am delighted to share with you that during the FY15, your Company witnessed sustained growth and high performance. It gives me immense pleasure to outline the facts, figures and trends to showcase your Company's strong present profile and outline its robust future growth.

Your Company's overall performance for FY14 earned it 'Excellent' MoU rating from the Government of India and is poised to retain 'Excellent' MoU rating for FY15 also.

Your Company has been ranked as # 1 Independent Power Producer in the world in the 2014 rankings brought out by Platts, a part of the prestigious McGraw Hill group.

Your Company's total capacity crossed the 45,000 MW mark. Your Company's sustained efforts during the last five years have resulted in creation of 13,255 MW new capacity which is nearly 30% of the total capacity added in nearly four decades of the Company's history.

Marching towards its long term capacity addition target of 128 GW your Company has over 23,000 MW capacity under construction and nearly 11,400 MW capacity is under bidding. Feasibility reports for about 16,600 MW have been approved.

Imparting multi pronged thrust to growth, your Company has signed a Memorandum of Agreement with Government of Jharkhand to form a joint venture company through which it is proposed to expand the existing capacity by 4,000 MW and to bring about performance improvement of the existing units of Patratu Thermal Power Station (770 MW).

Your Company exceeded its capex target of ₹ 22,400 crore for FY15. It recorded a capital expenditure of ₹ 23,239 crore. Achieving such a huge capex targets is, in itself, a herculean task; exceeding these huge targets for two successive financial years has been an extraordinary achievement of your Company. The capex of the Company has doubled in the past five years. This should further strengthen your confidence in the ability of Team NTPC to achieve its ambitious targets.

By adding 7,295 MW, your Company has made the single largest contribution to the total thermal capacity addition during the first three fiscals of 12th Plan period.

The accelerated pace of your Company's capacity addition should infuse in you greater confidence towards the strength of the Company to remain the market leader in the future.

Your Company's generation increased from 233.284 BUs to 241.261 BUs during FY15. All coal stations of NTPC achieved Declared Capacity of above 83%. Your Company's coal based stations recorded the highest PLF in the country with 80.23% compared to the national average of 64.46%, state sector's 59.83%, private sector's 60.58% and 73.96% PLF of other central sector companies.

With 16.6% share in the national capacity, NTPC group generated nearly 25% of electricity in the country, underlining high generation efficiency.

Your Company's success in commissioning 800 MW (4X200 MW) capacity at Koldam Hydro Power Project and putting it on commercial generation, after overcoming numerous adversities and complexities is of very special significance and satisfaction. It highlights the tenacity, resilience and never- say- die spirit of Team NTPC.

In addition to successful completion of the Koldam Hydro Power Project, your Company is giving extra thrust to solar and is also pursuing other renewables.

Your Company has been given an important role in achieving the ambitious national target of 100,000 MW solar capacity by 2022.

Your Company will help develop 25,000 MW solar capacity, by adding 10,000 MW of its own and by facilitating through an auction process 15,000 MW capacity addition to be developed by other solar power developers.

Towards developing its own capacity, your Company has already commissioned 110 MW, work is in progress for another 250 MW and bids have been invited for 510 MW. Your Company is pursuing with the State governments for allocation of land for solar capacity addition in an expeditious manner.

Out of the 15,000 MW capacity to be set up through the auction route with your Company's help, 1650 MW capacity is under the bidding process.

Your Company is also taking up roof top solar capacity. In addition to setting up solar power plants, your Company is also taking steps to make the solar power viable with appropriate bundling of solar and coal based power. On your Company's request, Government of India issued an order in July 2015 specifying that power from older stations of NTPC which have completed 25 years (like Singrauli STPS) shall be bundled with the solar power capacity being set up by NTPC.

One very positive development for your Company during FY15 was reallocation of the five coal blocks which were de-allocated earlier pursuant to an order of Hon'ble Supreme Court. In addition to these reallocated blocks, three new blocks have been allocated to your Company in March 2015. The gross reserves of all the eight blocks are estimated to be about 5 billion tonnes. These coal blocks and reserves are extremely important in strengthening your Company's fuel security on a long term basis.

Your Company is effectively augmenting fuel supplies for its large fleet of generating units. It has rationalized coal linkages to reduce the burden on rail network with consequent reduction in generation cost. Your Company has entered into an agreement with Gujarat State Electricity Corporation Limited (GSECL) for swapping the coal being imported for NTPC-Sipat with the domestic coal of GSECL. This saves both the utilities ₹ 160 crore each. Thus, it is a win-win arrangement benefitting all stakeholders, including the consumers.

Your Company began a major initiative for ensuring quality of coal through 'Third party sampling' in most of the coal stations of NTPC.

In addition to taking steps for supply of better coal in larger quantities, your Company also successfully secured RLNG for its gas projects at Auraiya (663 MW) and Dadri (830 MW) through e-bidding conducted by Ministry of Power. RGPPL (1967 MW), which is operated by NTPC, also participated in the e-bidding for gas successfully. Allocation of this additional gas will help improve generation from gas based stations.

Your Company's total income has increased from ₹ 74,664.61 crore to ₹ 75,362.37 crore in FY15 despite stringent provisions of CERC tariff regulations for the period 2014-19. Your Company's earned a net profit of ₹ 10,290 crore.

Your Company paid interim dividend of ₹ 0.75 per equity share and a final dividend of ₹ 1.75 has been recommended for your approval. In March 2015, your Company allotted to shareholders one bonus debenture of ₹12.50, for every one share of ₹10.00, out of free reserves. Thus, your Company became the first public sector company to issue bonus debentures, which are deemed as dividend, of ₹ 10,307 crore - the largest by any Indian company.

Your Company mobilized debt for its huge expansion programme to the tune of ₹ 30,000 crore from domestic and international markets at very competitive rates.

Your Company has been able to achieve 100% realization of its current bills from the customers which is a remarkable feat considering the huge billing amount of nearly ₹ 78,000 crore.

While focusing on capacity addition, efficient operations, fuel supply, financing and commercial issues in a well coordinated and integrated manner, your Company has also given high priority to its social responsibilities.

Under the 'Swachh Vidyalaya Abhiyaan', a component of 'Swachh Bharat Mission', launched by Hon'ble Prime Minister, your Company is building toilets in schools in far flung areas. Your Company is going to play a substantial role in 'Skill India Mission' of the Government of India. It has signed MoU with Ministry of Skill Development and Entrepreneurship and has allocated ₹ 6.50 crore in FY16 and FY17 for skill development programmes. Your Company has set up an IIIT in Raipur where the academic session 2015-16 would be commencing from August 2015.

For grooming professional managers, with special focus on power and energy sectors, your Company has set up the NTPC School of Business. This school of business is commencing the first course from August 2015 and will award Post Graduate Diploma in Management.

Your Company has launched three Mobile Science Labs on Wheels to provide hands- on learning to underprivileged students living in remote areas. Nearly 1.5 lakh students are estimated to be benefited from these labs.

Your Company has been able to accomplish so much on so many fronts because it has a very committed and competent team which has built the Brand NTPC.

Your Company is ahead of all other Public Sector Enterprises (PSEs) in the study the 'Best Company to Work for 2015' conducted by the Economic Times in collaboration with a reputed agency. It has also been adjudged the best in Energy, and Oil & Gas industry.

Confident about the ability of the superb team at NTPC to deliver results, I assure you that the strategies of your Company will continue to translate into sustainable returns and gains to all stakeholders.

With best wishes,
Yours sincerely,



(DR. ARUP ROY CHOUDHURY)
CHAIRMAN & MANAGING DIRECTOR
(DIN: 00659908)

NTPC Limited

CIN: L40101DL1975GOI007966

Regd. Office: NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi-110 003

Tel. no.: 011-24360100 **Fax:** 011-24361018

Email: ntpccc@ntpc.co.in **Website:** www.ntpc.co.in

NOTICE

NOTICE is hereby given that **Thirty Ninth Annual General Meeting** of the Members of **NTPC Limited** will be held on **Friday, 18th September, 2015 at 10.30 a.m.** at Manekshaw Centre, Parade Road, New Delhi – 110 010 to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt:
   (a) the Audited Standalone Financial Statement of the Company for the financial year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon; and
   (b) the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2015 and the report of the Auditors thereon.
2. To confirm payment of interim dividend and declare final dividend for the financial year 2014-15.
3. To appoint a Director in place of Shri Anil Kumar Jha (DIN: 03590871), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Umesh Prasad Pani (DIN: 03199828), who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Statutory Auditors.

SPECIAL BUSINESSES:

6. To appoint Shri Anil Kumar Singh (DIN: 07004069), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Shri Anil Kumar Singh (DIN: 07004069), who was appointed as a Government Nominee Director, by the President of India vide letter no. 8/7/2013-Th.I dated 15th October, 2014 and subsequently appointed as an Additional Director by the Board of Directors with effect from 31st October, 2014 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Anil Kumar Singh (DIN: 07004069) as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, not liable to retire by rotation".

7. To appoint Shri Kaushal Kishore Sharma (DIN: 03014947), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, Shri Kaushal Kishore Sharma (DIN: 03014947), who was appointed as Director (Operations), by the President of India vide letter no. 8/10/2013-Th-I dated 7th October, 2014 and subsequently appointed as an Additional Director by the Board of Directors with effect from 1st November, 2014 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Kaushal Kishore Sharma (DIN: 03014947), as a candidate for the office of a director of the Company, be and is hereby appointed as Director (Operations) of the Company, liable to retire by rotation, on terms & conditions as may be determined by the Govt. of India".

8. To raise funds upto ₹ 5,000 Crore through issue of Bonds/Debentures on Private Placement basis and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolution as a **Special Resolution:**

   "Resolved that pursuant to Section 42 and other applicable provisions of the Companies Act, 2013 read with Rule 14 (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable statutory provisions (including any statutory modification or re-enactments thereof) the Board of Directors of the Company (the "Board") be and are hereby authorized to make offer(s) or invitation(s) to subscribe to the secured/ unsecured, redeemable, taxable/tax-free, cumulative/non-cumulative, non-convertible debentures ("Bonds") upto ₹. 5,000 Crore in one or more tranches/ series not exceeding ten ,through private

placement, in domestic market, during the period commencing from the date of passing of Special Resolution till completion of one year thereof or the date of next Annual General Meeting in the financial year 2016-17 whichever is earlier in conformity with rules, regulations, notifications and enactments as may be applicable from time to time, subject to the total borrowings of the Company approved by the shareholders under Section 180(1) (c) of Companies Act, 2013.

Resolved further that the Board be and is hereby authorized to do or delegate from time to time, all such acts, deeds and things as may be deemed necessary to give effect to private placement of such Bonds including but not limited to determining the face value, issue price, issue size, tenor, timing, amount, security, coupon/interest rate, yield, listing, allotment and other terms and conditions of issue of Bonds as it may, in its absolute discretion, consider necessary".

9. To ratify the remuneration of the Cost Auditors for the financial year 2015-16 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"Resolved that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2015-16, be paid the remuneration of ₹. 26,60,000/- (Rupee Twenty six lakh sixty thousand only) as set out in the statement annexed to the Notice convening this Meeting.

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To approve transactions to be entered into with Associate Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**: -

"Resolved that pursuant to the provisions of Section 188 and applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other Statutory Provisions, rules, regulations etc. as may be applicable, the consent of the Company be and is hereby accorded for entering into the related party transactions by the Company with Utility Powertech Limited (UPL), an Associate Company of NTPC Limited, subject to cumulative ceiling of 2% of the annual turnover of the Company as per the Audited Annual financial Statement of the preceding financial year or ₹. 1000 Crore whichever is more, in any financial year.

Resolved further that the Board of Directors of the Company and/or a Committee thereof or any other official as may be decided by the Board, be and is hereby, authorized to approve the individual contract(s)/ arrangement(s)/ transaction(s) with the UPL, within the above ceiling and to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution".

By order of the Board of Directors

(A.K. Rastogi)
Company Secretary

Place: New Delhi
Date: 6th August 2015

Notes:-

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Businesses, as set out 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.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.