
एनटीपीसी
NTPC
रोशन करे जीवन
Transforming lives
34th ANNUAL REPORT
2009-2010

VISION

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

CORE VALUES

(B-COMIT)

B-BUSINESS ETHICS
C-CUSTOMER FOCUS
O-ORGANIZATIONAL & PROFESSIONAL PRIDE
M-MUTUAL RESPECT & TRUST
I-INNOVATION & SPEED
T-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
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 : mailmanager@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.
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 Dass Gupta & Associates
M/s S.K. Mittal & Co.
M/s Varma & Varma
M/s Parakh & Co.
M/s B.C. Jain & Co.
M/s S.K. Mehta & Co.

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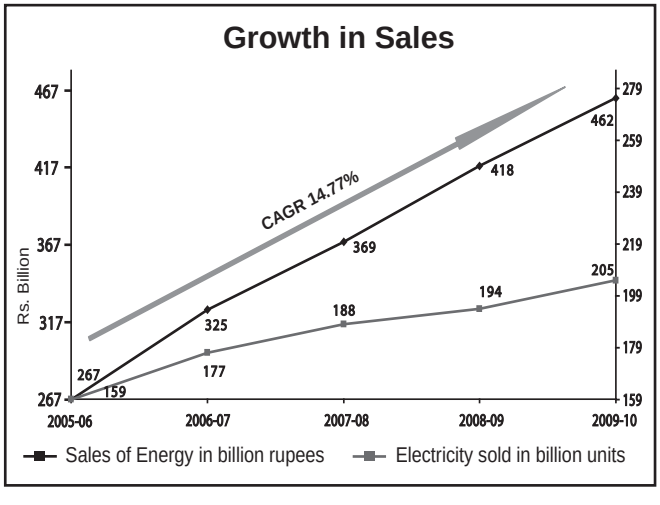
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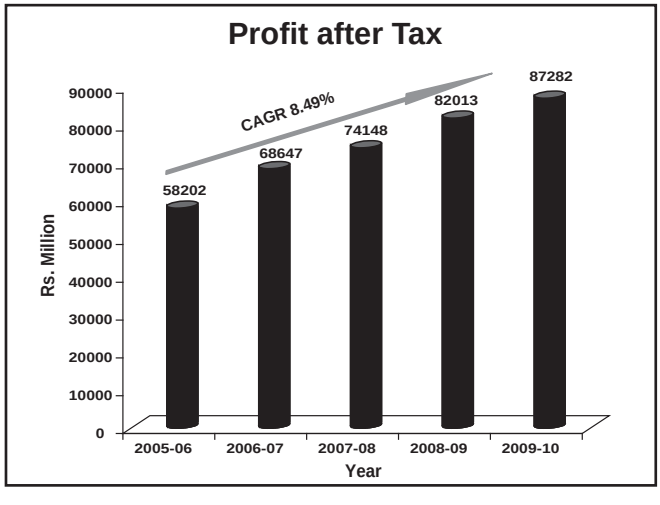
THE YEAR AT A GLANCE

		2009-10	2008-09
Gross Generation	Million Units	218840	206939
Commercial Generation	"	218439	206156
Energy sent out	"	205091	193688
Sale of Energy	Rs. Million	461687	417913
Profit before tax	"	108855	93595
Profit after tax	"	87282	82013
Dividend	"	31332	29683
Dividend tax	"	5276	5017
Retained Profit	"	50674	47313
Net Fixed Assets	"	347613	329377
Net Worth	"	624375	573701
Loan Funds	"	377970	345678
Capital Employed	"	695725	641834
Net Cash From Operations	"	105942	96881
Value Added	"	173313	140548
No. of Employees #	Number	23743	23639
Value added per employee	Rs. Million	7.30	5.95
Debt to Equity	Ratio	0.61	0.60
Debt Service Coverage Ration (DSCR)	Times	3.92	3.67
Interest Service Coverage Ration (ISCR)	Times	13.64	10.19
Return on Capital Employed	%	13.97	14.29
Face Value Per Share	Rs.	10.00	10.00
Dividend Per Share	"	3.80*	3.60
Book Value Per Share	"	75.72	69.58
Earnings Per Share	"	10.59	9.95

excluding JVs and Subsidiaries

*including final dividend recommended by the Board





LETTER TO SHAREHOLDERS



Dear fellow share-owner of NTPC,

I am delighted to share with you that your Company has been accorded the status of **MAHARATNA** by the Government of India with enhanced powers to expand its operations in both domestic and global markets. This is recognition of the globally comparable stature, strengths and potential of your Company.

Capitalizing upon its proven strengths and key strategic priorities, your Company is **'future-ready'** with a new vision:

"To be the world's largest and best power producer, powering India's growth".

The new vision is part of the new Corporate Plan developed by your Company for the period up to the year 2032.

Among the largest and best performing power generation companies in the world, NTPC has already set up 32,194 MW capacity. By 2032, it plans to have total capacity of 1,28,000 MW.

While your Company has ~ 20% market share of installed capacity in India, through its higher capacity utilization levels compared to those of other power generating companies, it produces **~ 30% of India's total electricity generation.**

On the operational front, your Company has successfully adopted the 90% plus PLF strategy for coal based stations and demonstrated the same for the last three years. Thus, **for the third consecutive year, NTPC maintained PLF of above 90%** during 2009-10, which is remarkable in view of its large fleet size comprising 81 coal-based units with average unit age of ~ 19 years. The gas stations achieved best ever PLF of 78.38% against the previous year's 67.01%. Sustained operational excellence of NTPC's earliest plants like Singrauli (commissioned in 1982), with a PLF of 92.83% and Korba (commissioned in 1983), with a PLF of 97.61%, highlights your Company's **proven operational and engineering capabilities.**

With a market cap of over Rs. 1,60,000 crore, your Company has remained among the top five Indian Companies in terms of market capitalization which underlines its **high-value market position.**

Your Company's total income increased by ~ 9% during 2009-10 to reach close to Rs. 50,000 crore mark (Rs. 49,233.9 crore). It earned a profit of Rs. 8,728.2 crore, an increase of 6.42% over the previous year's profit. Your Company has been given the highest possible credit ratings by prestigious agencies.

Your Company has been **realizing 100% payment of current bills for sale of power for seven consecutive years.** The Company's Customer Relationship Management initiatives and innovative incentive schemes highlight its **customer focus.**

In line with the strategy of **expanding its leadership position in the sector,** your Company is geared to reach 75,000 MW capacity by 2017 which means an aggressive annual capacity addition target of > 6,000 MW. Currently 45 units aggregating to 17,340 MW are under construction at 16 locations. A capacity of 7,105 MW is under bidding. Feasibility Reports have been approved for a capacity of 8,447 MW, which will very soon go to the award stage. Feasibility Reports are ready for 10,980 MW. Feasibility Reports are under preparation for ~ 15,500 MW.

In order to achieve this quantum ramping up in capacity addition, your Company has created a very focused project execution and monitoring system at the core of which is the newly built world-class web-enabled Project Monitoring Centre (PMC), the first of its kind in the country. Your Company is more equipped and energized than ever before to execute its ambitious capacity addition and growth plans with **much sharper focus on on-the-ground progress.**

Your Company's **fuel security strategy** is a judicious mix of domestic and international long-term coal agreements/ contracts, purchase of coal from spot markets, developing captive coal mines and acquiring stakes in mining companies. For gas, your Company is exploring long-term agreements/contracts and opportunities for participation in LNG value-chain.

As the leader in introducing new technologies in the sector, your Company has been **investing in technology and innovation with focus on efficiency, environment and economical generation of power.** Your Company has

developed a **long-term technology roadmap**. For the new coal based stations, the Company has adopted state-of-the art **super critical steam parameters** which will result in efficiency gains and reduction in CO_2 emissions. We are close to commissioning the first super critical unit of the country at Sipat. We plan to commission the first 800 MW ultra super critical operating station by Fiscal 2016. The **NTPC Energy Technology Research Alliance (NETRA)** is focusing on technologies to deal with climate change issues and will also provide a complete range of scientific services to enable NTPC power stations to retain their technological and commercial edge.

Your Company believes that nuclear power has a key role to play as part of a solution to issues concerning energy availability and climate change. Hence **nuclear power is an important building block in NTPC's capacity growth strategy** with a target of 2,000 MW nuclear capacity by 2017. Your Company has entered into a Memorandum of Agreement for a joint venture with Nuclear Power Corporation of India Limited (NPCIL) for setting up nuclear power projects and the joint venture company is going to be incorporated soon.

In line with its aspiration to become one of the **leaders in green power,** your Company is entering the renewable energy space with capacity target of at least 1,000 MW by 2017. The main components of the renewable portfolio will be solar and wind. NTPC Vidyut Vyapar Nigam Limited (NVVN) has been designated as the Nodal Agency for the purchase of up to 1,000 MW of solar power under the National Solar Mission.

Your Company has an outstanding **team of power professionals with deep-rooted sense of pride in serving the nation.** In order to sustain the strong work ethic and professionalism, your Company is taking a number of initiatives to further improve the entry level-talent-quality to establish a **strong talent pool**. It is also taking steps to develop a **leadership pipeline**. Your Company seeks to foster a winning culture of entrepreneurship through focus on an objective and open performance management system, a well-conceived manpower deployment policy, exposure to a variety of assignments etc.

In view of the quantum jump in the capacity growth targets of your Company and of the sector, a very large pool of skilled manpower at all the levels needs to be developed urgently. Giving **major focus on skill development**, your Company has been hiring high-caliber engineers directly from the campuses of IITs and NITs and recruiting a large number of engineers through a rigorous examination process. It is providing state-of-the art training to its employees at all the levels. In order to **create a large base of technically skilled work force**, your Company has been adopting ITIs and setting up new ITIs with emphasis on relevant courses and quality of training. Till now, the Company has adopted 18 ITIs and is setting up 8 new ITIs. Your Company will be taking many more such initiatives for **skill development**.

The sound system of checks and balances developed by your Company and applied by it throughout the organization has matured into an exemplary corporate governance system which is praised by the stakeholders. Implementation of **Integrity Pact**, adoption of a comprehensive **Enterprise Risk Management Framework** and a **well-defined Internal Control Framework** add to the transparency and robustness of the Company's business practices.

Your Company has been taking concrete steps to fulfill its **corporate social responsibility** by helping the **physically challenged** and other marginalized communities through setting up Information and Communication Technology **(ICT) Centres** for the physically challenged at many places, District Disability Rehabilitation Centre **(DDRC)** at NTPC-Tanda, Directly Observable Treatment **(DOT) Centres** to take care of tuberculosis patients in the vicinity of its power stations, distributed generation projects in remote villages and providing safe drinking water. Thus your Company has been ***transforming lives*** of the people.

With stronger focus on measuring, monitoring and facilitating growth and performance for the benefit of its stakeholders, your Company is very well positioned to grow and contribute to India's growth and creating wealth for its shareholders.

With best wishes,



(R.S. Sharma)
Chairman & Managing Director

NOTICE

NOTICE is hereby given that the **Thirty Fourth Annual General Meeting** of the members of **NTPC Limited** will be held on **Thursday, September 23, 2010 at 10.30 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, 2010 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 2009-10.
3. To appoint a Director in place of Shri Shanti Narain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.K. Sengupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri K. Dharmarajan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr. M. Govinda Rao, who retires by rotation and being eligible, offers himself for re-appointment.
7. To fix the remuneration of the Auditors.

SPECIAL BUSINESS

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

   "Resolved that Shri D.K. Jain, who was appointed as a Director of the Company w.e.f. 13.05.2010 by the President of India vide letter no. 8/3/2008-Th.I (Pt.II) [DT] dated 13.05.2010 and who holds office upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing 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."

By order of the Board of Directors

(A.K. Rastogi)
Company Secretary

Regd. Office:

NTPC Bhawan, 7 Institutional Area,
Lodi Road, New Delhi-110003
Date: August 04, 2010

NOTES:-

1. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexed hereto.

2. Brief Resume of the Directors seeking appointment and re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the Notice.

3. **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.**

4. The Register of Members and Share Transfer Books of the Company will remain closed from September 11, 2010 to September 23, 2010 (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 28, 2010 to the Members or their mandates whose names appear on the Company's Register of Members on September 23, 2010 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 September 10, 2010.

5. 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.

6. 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 (RTA) 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/ RTA /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, RTA of the Company to enable them to print these details on the dividend warrants.

7. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its RTA alongwith relevant Share Certificates.

8. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company / RTA.