

35th Annual Report 2010-2011



A Maharatna Company



देश के हर तीसरे बल्ब को करे रोशन
Lighting every third bulb in India

VISION

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

CORE VALUES (BE COMMITTED)

- 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 : 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.
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 Dass Gupta & Associates
M/s K. K. Soni & 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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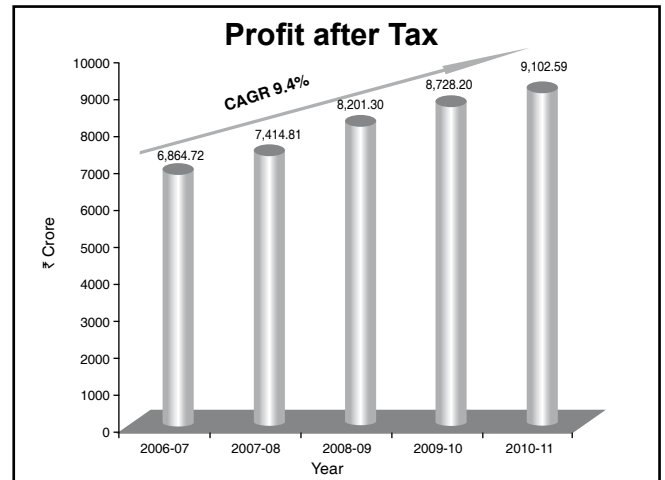
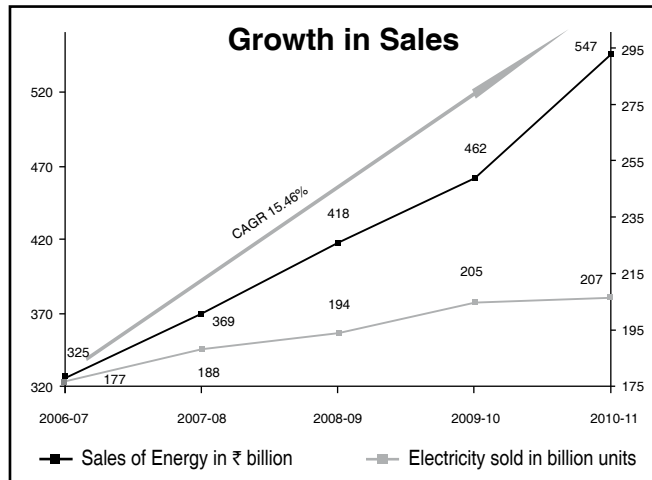
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THE YEAR AT A GLANCE

		2010-11	2009-10
Gross Generation	Million Units	220536	218840
Commercial Generation	"	220379	218439
Energy sent out	"	206582	205091
Sale of Energy	₹ crore	54705	46169
Profit before tax	"	12050	10885
Profit after tax	"	9103	8728
Dividend*	"	3133	3133
Dividend tax	"	515	528
Retained Profit	"	5455	5067
Net Fixed Assets	"	39236	34761
Net Worth	"	67892	62437
Loan Funds	"	43188	37797
Capital Employed	"	71375	69573
Net Cash From Operations	"	11095	10611
Value Added	"	19140	17331
No. of Employees #	Number	23797	23743
Value added per employee	₹ crore	0.80	0.73
Debt to Equity	Ratio	0.64	0.61
Debt Service Coverage Ratio (DSCR)	Times	2.57	3.92
Interest Service Coverage Ratio (ISCR)	Times	11.42	13.64
Return on Capital Employed	%	14.30	13.97
Face Value Per Share	₹	10.00	10.00
Dividend Per Share	"	3.80*	3.80
Book Value Per Share	"	82.34	75.72
Earnings Per Share	"	11.04	10.59

excluding JVs and Subsidiaries

*including final dividend recommended by the Board



LETTER TO SHAREHOLDERS



Dear fellow shareowner of NTPC,

You will be extremely happy to note that in FY11 your Company has delivered the strongest results in project execution by adding **2,490 MW** capacity, including 500 MW through a Joint Venture, making it **the best year in NTPC's history** in terms of capacity addition. With a target of 4,320 MW for FY12, your Company is going to enter into an altogether different league in terms of **annual capacity addition**.

Your Company is a strong world class enterprise and we are all proud to be part of it. It has been given the exalted '**Maharatna**' status, empowering it further to expand its operations in the domestic and global markets. Its sound Corporate Governance practices made NTPC the **first Company to exercise the Maharatna powers**.

Your Company's pre-eminent stature has been vindicated by its being ranked No. 1 Independent Power Producer in Asia and No. 2 in the world by Platts, a part of the prestigious McGraw Hill Group, in its top 250 global energy companies' rankings.

In FY11 your Company's total income increased by 17% to ₹ 57,399 Crore, while PAT has increased by 4% to ₹ 9,103 Crore. For Q1 of FY12, your Company's total income has increased by 12.22% to ₹ 15,168 Crore while PAT has increased by 12.7% to ₹ 2,076 Crore.

Your Company's **operational performance** has once again been **world class** with its coal based stations operating at Plant Load Factor (PLF) of 88.29% (National PLF 75.07%) and average Availability Factor of 91.67% during FY11. **Seven NTPC Stations figured among the top ten Stations in the country in terms of PLF**. PLF of more than 90% was achieved by 10 out of 15 stations with 3 of them achieving PLF above 95%. Your Company has been focusing on **continuous improvement in generation efficiency and maintaining a high standard of performance**.

Your Company's **effective customer relationship management**, including incentives for prompt payments, has resulted in 100% realization of its bills for eight consecutive years.

With 34,854 MW, your Company is the largest electricity generator and the largest consumer of coal in the country. It is moving ahead with **sound strategies for capacity addition and fuel security**. Currently a total of 14,088 MW is under construction, including 3,890 MW in Joint Ventures. We are targeting to place orders for 13,140 MW capacity through bulk tenders for units of 660 MW and 800 MW sizes in the near future.

By signing Power Purchase Agreements for 49,000 MW capacity with the state utilities, your Company has succeeded in **ensuring sale of the power generated** from the capacity to be developed by it in the future.

Towards **ensuring fuel supply for the new projects**, your Company secured coal linkage for generation capacity of 10,920 MW during FY12, tied up coal supply for FY12 requirements, entered into agreement with STC for supply of 12 MMT imported coal and appointed Mine Developer Cum Operator (MDO) for Pakri Barwadih coal block which has a capacity of 15 MTPA. Your Company has taken steps to develop its coal mines with total mineable reserves of 1.8 billion tonnes.

Your Company has entered FY12 with an approved outlay for capital schemes of ₹ 26,400 crore which is 18% higher over the Capex for FY11. **We aim at reducing cost while driving growth**.

Disciplined capital expenditure and prudent resource mobilization strategies have been abiding features of our management of finance. You will be glad to know that India's biggest commercial bank, SBI, has extended its **largest ever loan to any company in India or abroad** by signing a loan agreement of ₹ 10,000 crore with NTPC in July 2011. Also, your Company raised US \$ 500 million from the international bond market with its issue getting over subscribed by 5.5 times. This strongly underlines the **confidence of the investor community in the robust business fundamentals of NTPC**.

Environmental concern underpins our growth strategy as we strive for a low carbon future. Our approach includes increasing cycle efficiency of fossil fuel based units, increasing the share of non-fossil fuel based generation and research in CO₂ fixation technologies. **Our investment in technology is directly linked to creating value for our shareholders**

and society. With commissioning of 660 MW supercritical unit at Sipat, your Company has achieved a new high in machine efficiency and a major technological milestone towards Sustainable Energy Development. This is the first in **a series of super critical units of 660 MW and 800 MW size.** Further, your Company is engaged in development of **Advanced Ultra Super Critical technology** under National Mission on Clean Coal (Carbon) Technologies. This technology would have cycle efficiency in the range of 45-47% resulting in 15.77% lesser CO₂ emission compared to conventional sub critical plants. Through its efforts over the years, your Company has avoided more than 30 million tons of CO₂.

NTPC is actively engaged in the **Asia Pacific Partnership to combat CO₂ emissions** and is the Country Coordinator for the power generation and transmission task force. Your Company is keenly pursuing a commercial scale integrated gasification combined cycle (**IGCC**) technology demonstration project suitable for the high ash Indian coal.

Towards **making firm global footprints**, your Company has finalized an agreement with Ceylon Electricity Board (CEB) and The Government of Sri Lanka for implementation of 2X250 MW imported coal based power project in Sri Lanka through a 50:50 Joint Venture with CEB. Your Company is also exploring the possibility of setting up a 2X660 MW imported coal based power project in Bangladesh through a 50:50 Joint Venture with Bangladesh Power Development Board. The JV agreement has been finalized.

Your Company's trading arm, NTPC Vidyut Vyapar Nigam Ltd., (NVVN) is the **nodal agency for implementation of the first phase of Jawahar Lal Nehru National Solar Mission.** NVVN has signed Power Purchase Agreements for about 700 MW. The first set of solar projects under the mission are likely to get commissioned by October 2011. This is a remarkable contribution to the National Solar Mission.

Your Company is going to create distribution networks within 5 Km radius of its power stations with an objective of making reliable power supply available to the neighbourhood villages.

Contributing substantially to the national duty of reaching power to all, specially to the rural and underprivileged population, your Company has provided electricity connections to more than 24 lakh Below Poverty Line (BPL) households and has completed electrification of over 14,500 villages under the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY).

Our substantial social investment is based on our strong belief that our success as a business is tied directly with the **socio-economic vitality and health of the communities around our business units.** We value the partnerships we build with the communities around our units. **For us CSR is Corporate Social Relationship.**

Your Company has one of the finest teams of power professionals in the world who are committed to meet your expectations. Their organizational pride has been instrumental in **NTPC often being the only PSU to be consistently ranked among the best employers in prestigious surveys.**

Looking ahead, we believe that a growing population, rising urbanization and living standards and a robust outlook for economic growth will definitely increase the demand for power.

The power players will be engaged in rapidly increasing level of per capita power consumption in India from an abysmal 730 units to at least 2,700 units, which is the world average. As electricity drives economic growth, the country will need 778 GW - 960 GW of power generation capacity by 2032 for estimated GDP growth between 8-9%.

We have the size, resources, expertise and resilience to stay ahead of competition and serve the national objective. As the Indian economy grows bigger and stronger (intermittent challenges notwithstanding), **the role of power sector and NTPC will also grow larger and more rewarding.**

It is my commitment to you is that my team will work tirelessly to pursue your Company's vision of becoming the world's largest and best power producer, powering India's growth.

I take this opportunity to convey my profound thankfulness to the Government of India, the State Governments, all our customer utilities and all the authorities and agencies who have stood by your Company in its quest to maximize value for all stakeholders.

Your sincerely,



(ARUP ROY CHOUDHURY)
Chairman & Managing Director

NOTICE

NOTICE is hereby given that **Thirty Fifth Annual General Meeting** of the Members of **NTPC Limited** will be held on **Tuesday, September 20, 2011 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, 2011 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 2010-11.
3. To appoint a Director in place of Shri I.J. Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A.K. Sanwalka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Kanwal Nath, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Adesh C. Jain, 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 Arup Roy Choudhury, who was appointed as an Additional Director of the Company by the President of India vide letter no. 8/4/2009-Th-I(CMD) dated 28.07.2010 w.e.f. 01.09.2010 till the date of last Annual General Meeting and thereafter re-appointed as an Additional Director w.e.f. 24.09.2010, 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 the Chairman & Managing Director of the Company."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
 "Resolved that Shri S.P. Singh, who was appointed as an Additional Director of the Company w.e.f. 16.10.2010, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/3/2009-TH.I [DHR] dated 16.10.2010 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 the Director (Human Resources) 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 N.N. Misra, who was appointed as an Additional Director of the Company w.e.f. 19.10.2010, under Section 260 of the Companies Act, 1956, by the President of India vide letter no. 8/5/2009-TH.I [DO] dated 19.10.2010 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 the Director (Operations) of the Company, liable to retire by rotation."

By order of the Board of Directors


(A.K. Rastogi)
 Company Secretary

Regd. Office:

NTPC Bhawan, Scope Complex,
 7 Institutional Area, Lodi Road, New Delhi-110003
 Date: August 04, 2011

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. 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. 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.
6. The Board of Directors, in its meeting held on January 31, 2011, had declared an interim dividend @ 30% (₹ 3.00 per share) on the paid-up equity share capital of the company which was paid on February 14, 2011. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
7. The Register of Members and Share Transfer Books of the Company will remain closed from September 10, 2011 to September 20, 2011 (both days inclusive). The Board of Directors, in its Meeting held on May 10, 2011, has recommended a final dividend @ 8% (₹ 0.80 per share) on the paid-up equity share capital of the company. The final dividend, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on September 26, 2011 to the Members or their mandates whose names appear on the Company's Register of Members on September 20, 2011 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 9, 2011.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.
9. 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.
10. 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.