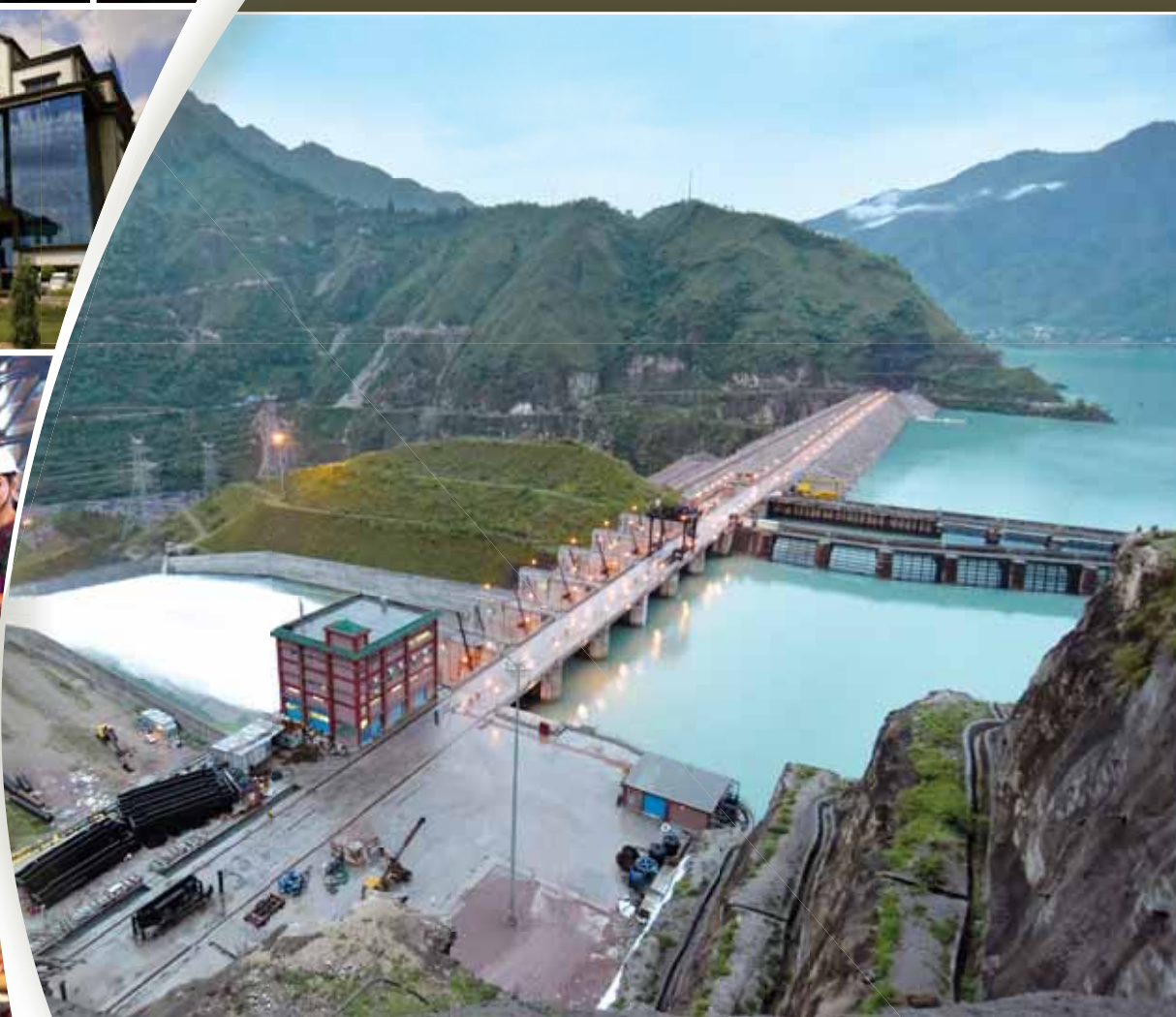




A Maharatna Company



40TH ANNUAL REPORT 2015-16



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

B
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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 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. . 011-24361018
Email: ntpccc@ntpc.co.in
Web site: www.ntpc.co.in
CIN: L40101DL1975GOI007966

Subsidiaries

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

ED (Law) & Company Secretary

A. K. Rastogi

Bankers

Allahabad Bank
Andhra Bank
Axis Bank
Bank of India
Bank of Baroda
Bank of Maharashtra
Canara Bank
Central Bank
Dena Bank
HDFC Bank
Indian Bank
Indian Overseas Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank
IDFC Bank
Jammu & Kashmir Bank Ltd.
Karnataka 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
Tamilnad Mercantile Bank Ltd.
The Karur Vysya Bank
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank
Yes Bank

Auditors

1. M/s T. R. Chadha & Co LLP
2. M/s PSD & Associates
3. M/s Sagar & Associates
4. M/s Kalani & Co.
5. M/s P. A. & Associates
6. M/s S. K. Kapoor & Co.
7. M/s B. M. Chatrath & Co.



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GREEN INITIATIVE IN THE 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 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.





NTPC PMI a center of learning

THE YEAR AT A GLANCE

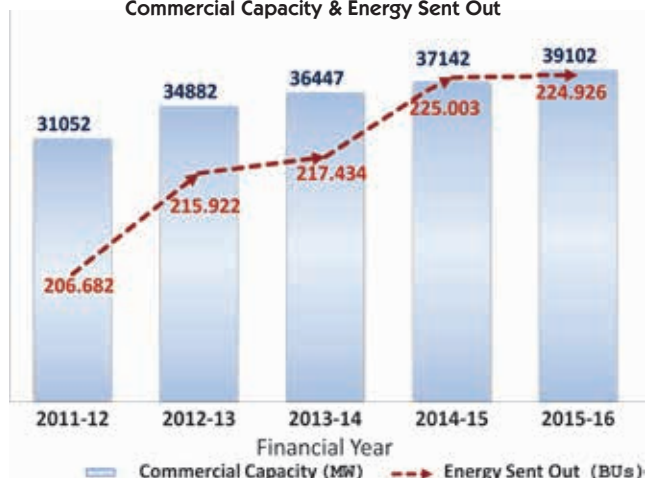
		2015-16	2014-15
Gross Generation	Million Units	241975	241261
Commercial Generation	"	240778	240847
Energy sent out	"	224926	225003
Sale of Energy	Rs. Crore	69932	72528
Profit before tax	"	10059	10547
Profit after tax	"	10243	10291
Dividend*	"	2762	2061
Dividend tax**	"	558	417
Retained Profit	"	6922	7812
Total Fixed Assets	"	158063	135343
Net Worth	"	88782	81657
Borrowings	"	91810	85995
Capital Employed	"	94544	94741
Net Cash From Operations	"	14504	14235
Value Added	"	27921	25090
No. of Employees #	Number	21633	22496
Value added per employee	Rs. Crore	1.29	1.12
Debt to Equity	Ratio	1.03	1.05
Debt Service Coverage Ratio (DSCR)	Times	1.72	2.44
Interest Service Coverage Ratio (ISCR)	Times	5.85	6.72
Return on Capital Employed	%	14.18	13.68
Face Value Per share	Rs.	10.00	10.00
Dividend Per Share*	"	3.35	2.50
Book Value Per Share	"	107.67	99.03
Earnings Per Share	"	12.42	12.48

*including final dividend recommended by the Board

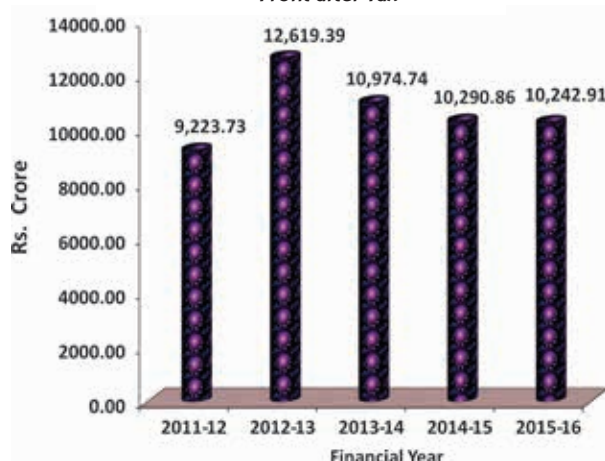
**including tax on final dividend recommended by the Board

excluding Joint Ventures and Subsidiary Companies

Commercial Capacity & Energy Sent Out



Profit after Tax





Letter to Shareholders

Dear Shareowners,

You will be delighted to note that Financial Year 2015-16 turned out to be yet another year of robust performance by your Company. Your company maintained its strong leadership position in the country. Facts and figures amply demonstrate your Company's excellent performance. With its strong overall performance, your Company is expected to retain the "Excellent" rating for the MoU signed with the Government of India for Financial Year 2015-16.

Your Company contributed to the growth of power sector by commissioning 2,255 MW during Financial Year 2015-16 and added 1,960 MW to its commercial capacity. With this, the installed capacity of NTPC (including JVs and Subsidiaries) stood at 46,653 MW and the commercial capacity was 45,428 MW as on 31.03.2016.

Investment approval for 2,360 MW new capacities was accorded during Financial Year 2015-16. This includes 1,600 MW coal based capacity and 760 MW of solar capacity. Your Company has over 24,000 MW capacities under construction and it is committed to delivering these projects in time. Your Company achieved an all-time high capex of ₹ 25,960 crore (standalone basis), exceeding the MoU target of ₹ 23,000 crore. This underlines the brisk pace of project delivery by your Company.

The coal based stations of your Company achieved a plant load factor (PLF) of 78.61% as against the all India PLF of 62.29%. Three stations recorded PLF of more than 90%, which is a commendable achievement even by international standards, and were ranked the Top 3 stations in the country. Eleven stations of NTPC Group figure amongst the top 25 stations in the country. Very significantly, your Company was able to activate its hydro portfolio by commissioning its first hydro project of 800 MW at Koldam. This is a major milestone and provides the necessary diversification to the generation portfolio.

Government of India recently issued a policy allowing flexibility in use of coal. This policy allows linkages given to the different power stations of your Company to be allocated in a single basket to the Company and allows full flexibility in utilizing coal from this single basket in the entire fleet of power stations in the most economical and efficient manner. Your Company is uniquely positioned to maximize the benefits arising out of this policy by utilizing coal in a manner which provides operational flexibility on the one hand and also reduces freight costs on the other. Rationalization of coal linkages and reduction in use of imported coal has led to reduction in fuel cost. During Financial Year 2015-16 the total fuel bill of your Company came down to ₹ 43,793 crore as compared to ₹ 48,834 crore in Financial Year 2014-15, a reduction of over ₹ 5,000 crore, in spite of generation remaining at similar levels.

Apart from power project development and plant operation, your Company took an important step in building the third pillar of its growth strategy by commencing coal mining operations from its first mine. Your company opened Pakri Barwadih mine in May 2016 and removal of top soil and overburden has already begun. Mining of its own coal will provide further impetus to the operations of the Company.

Your Company has always focused on operational as well as commercial efficiency to ensure that the Company remains financially strong in a sustainable manner. In pursuance of this goal, 100% realization of current bills has been made for the thirteenth year in a row. Further, your Company is pursuing with the Government of India to extend the Tripartite Agreements with the States to ensure the continuity of timely realization of bills.

Although power generation increased, your Company's total revenues for Financial Year 2015-16 decreased to ₹ 71,696 crore from ₹ 75,337 crore in Financial Year 2014-15 mainly on account of lower fuel costs. This clearly demonstrates the improvement in the operational performance of your Company. Your Company was able to maintain the net profit at ₹ 10,243 crore as compared to ₹ 10,291 crore last year.

Your Company's management has always believed in maximizing shareholders' wealth. The Company has already paid an interim dividend of ₹ 1.60 per share and has recommended a final dividend of ₹ 1.75 per share for 2015-16, subject to your approval.



Government of India divested 5% of equity share capital of the company by offer for sale through Stock Exchange mechanism in February 2016. It enabled the Government to garner ₹ 5,015 crore. Subsequently, the Government allowed sale of 0.25% equity to the employees. Through this offer, Government earned ₹ 203 crore. After these divestments, the holding of the Government in your Company stands at 69.74%.

During Financial Year 2015-16, your Company spent ₹ 492 crore on CSR activities, well above the mandated threshold of 2% of PAT, which demonstrates its proactive approach towards contributing to the society. Among the major initiatives undertaken was completion of about 29,000 toilets as part of the Swachh Bharat – Swachh Vidyalaya Abhiyaan.

Your Company's achievements in various spheres have earned it a number of awards and accolades. The Company has been awarded 1st Corporate Governance Excellence Award in listed PSUs category for the year 2014-15 by ASSOCHAM. It has been ranked No.2 Independent Power Producer and Energy Trader Globally in the Platts Top 250 Global Energy Company Rankings, 2015. It has also been ranked 4th among the Asian electric utilities in 2016 rankings as per Forbes Global 2000. It was awarded with Dun & Bradstreet Corporate Awards 2016 for Best performing company in India in Power Sector. Your Company has been adjudged as the "Best Company to work for" in Public Sector category in the study carried out by Great Place to Work and Economic Times.

I assure you that Team NTPC shall continue to put its best efforts in sustaining the leadership position of your Company and thereby ensure sustained returns to its stakeholders.

With best wishes,

Yours sincerely,



(GURDEEP SINGH)

Chairman & Managing Director

