

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



BU 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 IIT 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
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