

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 35th Annual Report and the audited accounts for the year ended March 31, 2011.

During the year 2010-11, your Company has added capacity

of 2,490 MW (including 500 MW through JV) which is the highest ever in a year since its inception. After commissioning of one unit of 660MW at Sipat in June 2011, the Company has become a 34,854 MW Company (including 3,364 MW through JV).

1. FINANCIAL RESULTS

Income	2010-11		2009-10	
	₹ Crore	US \$ Mn*	₹ Crore	US \$ Mn*
Sale of Energy	54704.55	12095	46168.67	10207
Consultancy	169.45	37	153.92	34
Other income (Including energy internally consumed)	2525.49	559	2911.29	644
Total Income	57399.49	12691	49233.88	10885
Expenditure				
Fuel	35373.78	7821	29462.74	6514
Employees Remuneration & Benefits	2789.71	617	2412.36	533
Generation, Administration & other expenses	2646.01	585	2094.03	463
Interest	1386.71	307	1070.96	237
Finance charges	762.37	168	737.97	163
Depreciation	2485.69	550	2650.06	586
Total Expenditure	45444.27	10048	38428.12	8496
Profit before tax, provisions and prior period adjusts.	11955.22	2643	10805.76	2389
Tax	2947.01	651	2157.26	477
Profit after tax but before provisions and prior period	9008.21	1992	8648.50	1912
Less:				
Prior Period Adjustments (Net)	(1638.72)	(362)	(77.83)	(17)
Provisions (Net)	1544.34	341	(1.87)	-
Net Profit after tax	9102.59	2013	8728.20	1929
Appropriations:				
Transfer to Bonds Redemption Reserve	494.94	109	497.78	110
Interim Dividend	2473.63	547	2473.64	547
Proposed Dividend	659.63	146	659.63	146
Tax on Dividend	514.77	114	527.62	117
Transfer to General Reserve	5200.00	1150	4750.00	1050
Transfer to Capital Reserve	6.87	2	4.97	1

*1US \$= ₹ 45.23 as on March 31, 2011

2. FINANCIAL PERFORMANCE

2.1 Income

The total income of your company for the year increased by 16.59% to ₹ 57,399.49 Crore from ₹ 49,233.88 Crore during the previous year.

2.2 Profit After Tax:

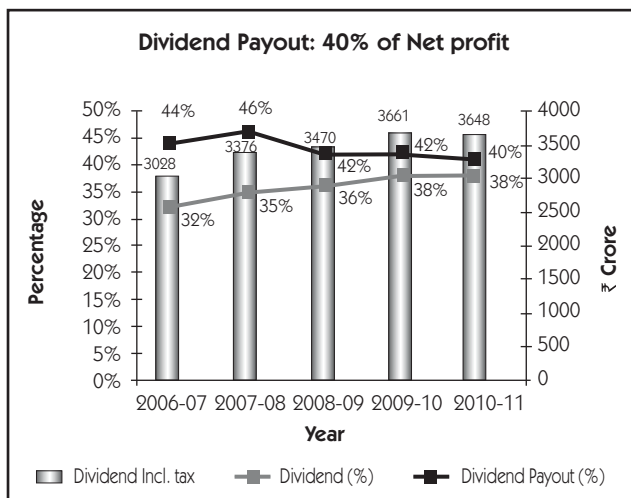
The profit after tax but before provisions and prior period adjustments increased by 4.16% to ₹ 9008.21 Crore from ₹ 8648.50 Crore. Net profit after tax increased to ₹ 9102.59 Crore from ₹ 8728.20 Crore registering a growth of 4.29% over last year.

3. DIVIDEND

3.1 Interim and Final Dividend:

In addition to interim dividend of ₹ 3.00 per equity share paid in February 2011, your Directors have recommended a final dividend of ₹ 0.80 per equity share for the year 2010-11. The total dividend for the year is ₹ 3.80 per equity share of ₹ 10/- each which is equal to the amount of dividend paid last year. The total dividend payout for the year amounting to ₹ 3133.26 Crore represents 34.42% of the profits after tax. The total dividend payout including dividend tax accounts for 40.08% of profit after tax. The final dividend shall be paid after your approval at the Annual General Meeting. The dividend has been recommended in accordance with your Company's policy of balancing dividend payout with the requirement of deployment of internal accruals for its growth plans.

Your Directors believe that growth of the company through capacity addition, backward and forward integration and strategic diversification of its operations would lead to increase in shareholders' value.



4. OPERATIONAL PERFORMANCE

4.1 Generation:

During the year, the power stations of your Company generated 220.54 BU of electricity which was 27.19% (29.18% including JVs) of the total power generated in India. The power generated by the company has registered an increase of 0.77% over the previous year's generation of 218.84 BU. Your Company (including JVs) contributed 16.93% of the generation increase in the country during the year. The total generation contributed by coal stations is 195.28 BU during the year against generation of 191.26 BU last year registering a growth of 2.1%. Generation from coal station could have been still higher but for an unprecedented generation loss of 5.94 BU due to less grid demand. The gas stations having commercial capacity of 3,955 MW achieved annual generation of 25.26 BU at a PLF of 71.77 as against 27.58 BU last year due to lower grid demand which resulted in generation loss of 7.29 BUs. The average availability of gas based stations of the year was 92.60% as compared to 90.64% during previous year. The coal based stations of your company operated at average Plant Load Factor (PLF) of 88.29% (National PLF 75.08%) and average Availability Factor of 91.67% on bar during the year. As on 31.03.2011, your Company has an installed coal based capacity of 26,875 MW excluding 1,424 MW from JV Projects. During the year, 10 coal based stations out of 15 achieved more than 90% PLF including three stations registering PLF above 95%.

A detailed discussion on the operations and performance for the year is given in the "Management Discussion and Analysis", Annexure-I included as a separate section to this report.

5. COMMERCIAL PERFORMANCE

5.1 Realisation of Dues:

During the year, your Company realized 100% payment of current bills raised for sale of power for the eighth successive year. All the beneficiaries are paying within 30 days of billing except UPPCL, BSEB and JSEB which are making payment within the permissible 60 days period.

5.2 Rebate Scheme/ One Time Settlement Scheme for realization of dues:

An innovative rebate scheme of providing incentive for early payment based on provisional bill has helped in achieving early realization of dues. All the beneficiaries have established and are maintaining Letters of Credit (LC). As on date, your Company has monthly LCs of ₹ 4386.03 Crore. RBI, on behalf of State Governments, serviced redemptions due on bonds

and half-yearly interest installments on bonds in time as per One Time Settlement Scheme. The matter of securitization of outstanding dues amounting to ₹ 1310.83 Crore pertaining to DESU period payable by Government of NCT of Delhi is under active consideration by the Ministry of Power.

5.3 Power Purchase Agreements:

Your Company had signed Power Purchase Agreements (PPAs) for 49000 MW capacity during the year. Government of India (GoI) has issued an order for allocation of 50% power to Home States on 17.01.2011 for 14 upcoming projects of your Company. GoI has allocated 75MW each from Farakka III (500 MW) and Korba III (500MW) for sale outside long term PPA. It has issued Scheme for provision of supply of electricity in 5 km area around Central Power Plants on 27.04.2010. 29 stations and projects of your Company have been identified for this purpose and implementation of the scheme is under progress.

5.4 Commercial Capacity:

The following units were declared commercial during the year 2010-11, adding 1600 MW to commercial capacity of your Company:

Project / Unit	Capacity (MW)	COD*
Dadri , Unit#6	490	31.07.2010
Muzaffarpur**, Unit#1	110	15.10.2010
Jhajjar***, Unit#1	500	05.03.2011
Korba , Unit#7	500	21.03.2011
Total	1600	

* COD- Commercial Operation Date

** In Joint Venture with Bihar State Electricity Board.

*** In joint Venture with IPGCL and HPGCL.

5.5 Determination of Tariff:

Your Company has filed tariff petitions for the five-year period starting 1.4.2009 before CERC for all stations in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2009. Pending final orders, CERC has issued provisional tariff orders for 26 stations of your Company for the period 2009-2014.

5.6 Strengthening Customer Relationship:

Customer Relationship Management (CRM) initiative has been taken by your company towards strengthening relationship with our customers. Under this, regular structured interaction with customers takes place regularly for sharing of feedbacks /experiences / expectations. These meetings provide a platform for more interaction and sharing of experiences for mutual benefits. Based on the feedback received from the

customers, the Company provides various support services to them, identifies potential areas of cooperation and shares best practice on a basis of mutuality. Besides, your Company also organized Regional Customer Meets, State specific Business Partner Meets and GENCOs Meets for better interaction and sharing of experience. Starting from 2008-09, NTPC has rolled out a Customer Satisfaction Index (CSI) for gathering customers' feedback and responding to their requirement. This initiative serves as a useful tool for further strengthening Customer Relationship and better appreciation of our business imperatives.

6. INSTALLED CAPACITY

During the year 2010-11, your Company added 2490 MW detailed as under:

Project / Unit	Capacity (MW)
NTPC owned	
Dadri ,Unit#6	490
Korba ,Unit#7	500
Simhadri ,Unit#3	500
Farakka ,Unit#6	500
Under JVs	
Jhajjar ,Unit#1	500
Net addition	2,490

6.1 Installed Capacity of NTPC Group:

The total installed capacity of the NTPC Group has increased from 31,704 MW at the end of financial year 2009-10 to 34,194 MW at the end of financial year 2010-11 as tabulated below:

Owned by NTPC	Capacity (MW)
Coal based projects	26,875
Gas based projects	3,955
Sub-total	30,830
Joint Ventures & Subsidiaries	
Coal based projects	1,424
Gas based projects	1,940
Sub-total	3,364
Total	34,194

Further 660 MW of Sipat Unit#1 was added in June 2011, thereby increasing the total installed capacity to 34,854 MW.

7. CAPACITY ADDITION PROGRAM

Towards its journey to become the world's largest and best power producer, your company has embarked upon an ambitious capacity addition program so as to have an installed capacity of 128GW by 2032. Your Company has adopted a multi-pronged

growth strategy which includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions. In addition to furthering capacity addition through Coal / Gas based thermal power projects, your company has been pursuing enhancement of its power generation portfolio through Hydro, Renewable Energy and Nuclear energy projects.

At present 1,320 MW Hydro capacity is under implementation together with 291 MW under bidding. In its endeavor towards Greener Power, your Company plans to add around 1000 MW from Renewable Energy Sources by 2017.

7.1 Projects under Implementation

As on 31.03.2011, Your Company's various projects having aggregate capacity of 14,748 MW including 3,890 MW, being undertaken by Joint Venture companies, are under construction, as detailed below:

Name of the Project	Capacity (MW)
I. Project under NTPC Ltd	
A. Coal Based Projects	
1. Sipat-I	1980 *
2. Barh-I	1980
3. Simhadri-II	500
4. Bongaigaon-I	750
5. Mauda-I	1000
6. Barh-II	1320
7. Rihand-III	1000
8. Vindhyachal-IV	1000
Sub Total (A)	9530
B. Hydro Electric Power Projects (HEPP)	
9. Koldam	800
10. Tapovan Vishnugad	520
Sub Total(B)	1320
C. Renewable Projects	
11. Singrauli CW HEPP	8
Sub Total (C)	8
Total I (A)+(B)+(C)	10,858
II Projects under JVs	
Coal Based Projects	
12. Jhajjar- JV with HPGCL & IPGCL	1000
13. Vallur – JV with TNEB	1500
14. Nabinagar- JV with Railways	1000
15. Muzaffarpur Expansion (MTPS)– JV with BSEB	390
Total II	3890
Total On-Going Projects (I)+(II)	14,748

* 660 MW of Sipat Unit#1 commissioned on 28.06.2011

7.2 New Projects

Your Company at present has invited bids for Main plant packages, for 18,051 MW capacity (14,460 MW NTPC owned and 3,591 MW through its JVs and Subsidiaries). For most of the new projects, your Company is going for setting up Super Critical units of 660 / 800 MW which have higher efficiency and are also environment friendly. Towards this end, your company has invited bids under Bulk tendering for 5,940 MW capacity through 9 units of 660 MW and 7,200 MW capacity through 9 units of 800 MW respectively. Balance 4911 MW capacity, apart from 660MW units is envisaged through coal based, Gas based, Hydro and Renewable Energy projects.

Your Company has also taken up studies / preparation of Feasibility Reports and is pursuing statutory clearances for various other projects to be taken up in future once their viability is established.

In order to meet the future challenges of meeting India's electricity needs at affordable cost with minimum environmental impact, your Company has drawn a long term Technology Roadmap up to 2032 which involves development, adoption and promotion of safe, efficient and clean technologies for entire value chain of power generation business. Some of the technologies which your Company has targeted include setting up of coal fired units with Ultra Supercritical Parameters, establishment of Indian Coal Based Gasifier & Gas Cleaning System for IGCC.

NTPC has adopted various technologies like units with advanced steam parameters for improving efficiency over that of conventional 500MW sub-critical plants. For the new sub-critical 500 MW Units, reheat temperature has been increased to 565 degree Centigrade resulting in about 0.7% gain in efficiency. The Company is also adopting technologies like flue gas desulphurization, ammonia flue gas conditioning system, advanced dust collection technology, high efficiency motors, energy efficient lighting system, plant C&I network Security System etc.

7.3 Project Management – A New Approach

Your Company believes that in order to achieve its ambitious capacity addition targets, it has to build on its capabilities and leverage its expertise in power project execution. Accordingly, it has revised its delegation of powers and has empowered its regions and projects to enable faster decision making. Your Company has already established a state-of-the-art IT enabled Project Monitoring Centre (PMC) for facilitating fast track project implementation. PMC has some advanced features like Web-based Milestone

Monitoring System (Webmiles), Project Review and Internal Monitoring System (PRIMS), Enterprise-wide Issues Tracking System etc. The PMC facilitates monitoring of key project milestones and also acts as Decision Support System for the management. Features like SMS based information Delivery, Real time Video Capture, Storage & Retrieval Facility and Video Conference Facility are extensively utilized for project tracking, resolution of issues and management interventions.

7.4 Capacity addition through Subsidiaries and Joint Ventures (JVs)

Besides adding capacities on its own, your Company plans to add capacities through some of its subsidiaries and joint ventures. The detail of JV Companies/ Subsidiaries along with details of Joint Venture partners for addition of coal based capacity is as under:

Name of Company	JV Partner	Details
NSPCL (NTPC-SAIL Power Co. Pvt. Ltd.)	Steel Authority of India Ltd. (SAIL)	A 50:50 JVC formed to own and operate captive power plants at Durgapur (120 MW), Rourkela (120 MW) and Bhilai Steel Plant (74 MW). 2X250 MW units have been added at Bhilai
NTECL (NTPC Tamil Nadu Energy Co. Ltd.)	Tamil Nadu Electricity Board (TNEB)	A 50:50 JVC is implementing 3x500MW coal based power project at Vallur, Tamilnadu for which construction activities at site are under progress.
APCPL (Aravali Power Company Pvt. Ltd.)	Indraprastha Power Generation Co Ltd. (IPGCL) and Haryana Power Generation Co Ltd. (HPGCL).	This JVC is setting up a coal based Indira Gandhi Super Thermal Power Project consisting of 3 units of 500MW each. NTPC, IPGCL and HPGCL have contributed equity in the ratio of 50:25:25. Unit#1 of 500MW has been declared commercial on 05.03.2011 and construction and erection activities are under progress for other two units of the plant.

BRBCL (Bhartiya Rail Bijlee Company Ltd.)	Ministry of Railways	A subsidiary of NTPC, formed as a JVC with Ministry of Railways with equity contribution in the ratio of 74:26 respectively for setting up power project of 1000 MW (4X250MW) capacity at Nabinagar in Bihar. Construction work is under progress on site.
MUNPL (Meja Urja Nigam Pvt. Ltd.)	Uttar Pradesh Rajya Vidut Utpadan Nigam Ltd. (UPRVUNL)	A 50:50 JVC formed for setting up 1320 (2X660MW) coal based power project in the state Uttar Pradesh. Infrastructure development activities are in progress. Main plant bids are under evaluation
KBUNL (Kanti Bijlee Utpadan Nigam Ltd.)	Bihar State Electricity Board (BSEB)	A subsidiary of NTPC formed as a JVC with BSEB, took over MTPS having 2 units of 110 MW each from BSEB. The equity of NTPC in this subsidiary is 64.57 %. Unit#2 is operational since January 2008. Renovation and Modernization of Unit #1 is under progress. The JVC has taken up expansion of the station by adding 2 units of 195 MW each for which main plant and civil works has been awarded and other packages will be awarded soon.
NPGCL (Nabinagar Power Generating Company Pvt. Ltd.)	Bihar State Electricity Board	A 50:50 JVC for setting up and operation of a 3x660 MW Coal based plant at Nabinagar. Main plant bids are under evaluation

RGPPL (Ratnagiri Gas and Power Pvt. Ltd.)	GAIL, ICICI, SBI, IDBI, Canara Bank and MSEB Holding Co.	A JVC between NTPC, GAIL, MSEB holding Co. and Indian Fls. NTPC is having a stake of 30.17%. All the three Power Blocks with a combined capacity of 1940 MW are in commercial operation and LNG terminal is mechanically complete and awaiting completion of dredging work for receipt of LNG and commissioning.
ASHVINI (Anushakti Vidhyut Nigam Ltd.)	Nuclear Power Corporation of India Ltd. (NPCIL)	ASHVINI was incorporated on 27.01.2011 as a JVC with NPCIL having 51% equity and NTPC having 49% equity. The company has been formed for setting up nuclear power project (s) and also to explore possibilities of entering in areas of front end fuel cycle like uranium mining etc.

Other Initiatives:

Your Company has signed MOU with Government of Punjab and Punjab Power Corporation Limited to set up 2640MW power project at Gidderbaha in the State of Punjab.

Another MOU has been signed with Government of Madhya Pradesh and MP Tradeco Limited to set up 3960 MW power project at Barethi, Distt. Chhatarpur, Madhya Pradesh.

Your Company has also signed MOU with Ministry of Railways to set up 1320 MW power plant at Adra, West Bengal.

7.5 Hydro Power

7.5.1 Your Company is also setting up small and medium sized hydro projects through its wholly owned subsidiary NTPC Hydro Limited (NHL). Two such projects under development are:

Project	Location	Capacity
Lata Tapovan	Uttarakhand	171 MW
Rammam-III	West Bengal	120 MW

7.5.2 Your Company's Hydro Engineering Group is providing pre-award engineering support to the above projects. It is also providing detailed engineering support to Koldam (4X200MW) and Tapovan Vishnugad (4X130MW) Hydro-electric Power Projects.

7.5.3 Further, in pursuance of Memorandum of Agreement signed with Govt. of Mizoram, Detailed Project Report of Kolodyne HEPP (4X115MW) prepared by Central Water Commission for Govt. of Mizoram and updated by NTPC has been submitted to CEA for accord of Techno-Economic Concurrence (TEC). CEA in its 306th meeting considered the project proposal for accord of concurrence on 07.06.11. Formal communication from CEA is awaited

7.5.4 Your Company has been assigned the job of preparation of Detailed Project Report (DPR) for Amochhu Reservoir Hydro-electric Project (620MW) in Bhutan. Survey and Investigation for DPR is in progress and DPR is scheduled to be completed by September 2011.

8. STRATEGIC DIVERSIFICATION- INCREASING SELF-RELIANCE

8.1 In order to strengthen its competitive advantage in power generation business, your Company also plans to diversify its portfolio to emerge as an integrated power major, with presence across entire energy value chain through backward and forward integration into areas such as coal mining, manufacturing activities, power trading, distribution, etc.

Business opportunities are being continuously explored through market scanning and new business plans are adopted accordingly.

The details of joint venture companies taking up activities in other sectors is as under:

Name of Company	JV Partner	Activities undertaken
UPL (Utility Powertech Ltd.)	Reliance Infrastructure Limited	Takes up assignments of construction, erection and supervision of power sector and other sectors like O&M services, RLA studies, power distribution, non-conventional projects.

NASL (NTPC ALSTOM Power Services Pvt Ltd.)	ALSTOM Power Generation AG	Takes up renovation and modernization assignments of power plants both in India and in SAARC countries.
EESL (Energy Efficiency Services Ltd.)	PFC, PGCIL and REC	The Company was formed on December 10, 2009 for implementation of Energy Efficiency projects.
NHPTL (National High Power Test Laboratory Pvt. Ltd.)	NHPC, PGCIL and DVC	The Company was incorporated on 22.05.2009 for setting up facility for short circuit testing of transformers and other electrical equipment. Energy Audit contracts have been received from various State Govts.
NPEX (National Power Exchange Ltd.)	NHPC, PFC TCS, NHPC, BSE, IFCI, Meenakshi, DPSC	The Company was formed to facilitate, promote, assist, regulate and manage nation wide trading of all forms of Electrical energies and also to settle Trades in a transparent fair and open manner. By-laws of Exchange submitted by NPEX to CERC on 30.03.2011

8.2 In order to strengthen its competitive advantage in power generation business, the Company has diversified into the area of manufacturing through the following joint ventures:

8.2.1 NTPC-BHEL Power Projects Pvt. Limited (NBPPL), a joint venture of your Company with BHEL, incorporated on April 28, 2008 for taking up activities of Engineering, procurement and construction of power plants and manufacturing of equipments, has acquired 750 acres of land at Mannavaram in Andhra Pradesh. Construction at site is in progress. The Company has bagged two contracts for EPC and Balance of Plant for Palatana Combined Cycle Power

Plant in Tripura and Namrup Combined Cycle Power plant from BHEL on nomination basis. Your Company is also negotiating with NBPPL for award of EPC contract for Unchahar Stage-IV (500MW). NBPPL is also exploring technology tie-up for Coal Handling Plant and Ash Handling Plant.

8.2.2 Another joint venture Company, **BF-NTPC Energy Systems Limited** was incorporated with Bharat Forge Limited on June 19, 2008 to manufacture castings, forgings, fittings and high pressure piping required for power projects and other industries. Land acquisition for establishing manufacturing plant at Sholapur, Maharashtra is in progress. Business/ Technical alliances for key product lines are being actively pursued.

8.2.3 Your Company has acquired 44.6% stake in **Transformers and Electricals Kerala Limited** from Government of Kerala on June 19, 2009. The Company deals in manufacturing and repair of Power Transformers. The Company plans to augment the existing capacity to 6000MVA. For expansion and upgradation of the facility, technology tie-up is being pursued.

8.2.4 Apart from the above initiatives, a subsidiary of your Company namely NTPC Electric Supply Company Limited, has commenced business of distribution of power through its JVC namely **KINESCO Power and Utilities Private Limited**, formed with KINFRA.

Please refer to "Management Discussion and Analysis", Annexure-I included as a separate section to this report for further details.

9. GLOBALISATION INITIATIVES

9.1 Your Company has finalized Joint Venture Agreement and Power Purchase Agreement with Ceylon Electricity Board for setting up a 2X250MW Coal Based Power Project in Trincomalee, Sri Lanka. Joint Venture Company with equal equity participation shall be incorporated as soon as certain issues are resolved with Government of Sri Lanka.

9.2 Your Company has also submitted draft Feasibility Report (FR) of 1320MW Coal Based Khulna Power Project to Bangladesh Power Development Board (BPDB). FR would be finalized after BPDB carries out the coal sourcing study.

9.3 Joint Venture Agreement has also been finalized and approved by NTPC Board for developing a 1320 MW coal based power project with BPDB with equal equity participation. The same has been forwarded to BPDB for approval at their end.

10. FINANCING OF NEW PROJECTS

The capacity addition programs shall be financed

with a debt to equity ratio of 70:30. Your directors believe that internal accruals of the Company would be sufficient to finance the equity component for the new projects. Given its low gearing and strong credit ratings, your Company is well positioned to raise the required borrowings.

Your Company is exploring domestic as well as international borrowing options including overseas development assistance provided by bilateral agencies to mobilize the debt required for the planned capacity expansion program.

During the year 2010-11, your Company has tied up loans of ₹ 3,479 crore including loan of ₹ 2,000 crore from HUDCO Ltd. and ₹ 1,000 crore from HDFC Bank Limited for part funding of debt requirement in respect of capex for next three years. In addition, loans amounting to ₹ 479 crore have also been tied with other banks to fulfill the debt requirement for next three years.

Your Company has entered into Term Loan Agreement with State Bank of India on 07.07.2011 for ₹ 10,000 crore for financing NTPC's Ongoing Capital Expenditure for various power generation projects including renovation/ modernization of existing power plants.

Bonds amounting to ₹ 720 crore were raised from domestic market for financing the capital expenditure and refinancing of the loans.

Your Company raised USD 500 million senior unsecured fixed rate 10 year bonds under its USD One Billion MTN programme during July 2011. The bonds carry a coupon of 5.625% p.a. payable semi-annually and are due for maturity in July 2021.

11. FIXED DEPOSITS

The cumulative deposits received by your Company from 244 depositors as at March 31, 2011 stood at ₹ 13.26 Crore. Further, an amount of ₹ 0.19 Crore has not been claimed on maturity by 22 depositors as on that date.

12. FUEL SECURITY

12.1 Diversified Fuel Mix

Although coal will remain the mainstay for adding generation capacity owing to its abundant reserves in the country, your Company is progressively diversifying its fuel mix to increase the share of non-fossil fuel with a view to promote sustainable energy development and further reduce CO₂ intensity of power generation.

12.1.1 Coal Supplies

During the year, your Company has signed a 20 years Fuel Supply Agreement with SCCL for supply of 10.02MMT coal to Ramagundam (2100MW), and has entered into bilateral tie-ups with Eastern Coalfields Limited for 2.5MMT and with SCCL for supply of 5.0 MMT of coal at a mutually agreed price.

Your Company has also entered into an Agreement with STC for supply of 12MMT imported coal from the Financial Year 2011-12.

During the year 2010-11, your Company received 137.3 MMT of coal as against 136.2 MMT in the previous year. Total import during 2010-11 was 10.56MMT as against 6.3MMT in 2009-10.

12.1.2 Sourcing of coal through E-auction

For supplementing/strengthening the coal supply chain for Farakka and Kahalgaon, your Company also procured coal (0.08 MMT) through E-auction.

12.2 Gas supplies

During the year 2010-11, your Company received 13.77 MMSCMD of gas/RLNG as against 13.88 MMSCMD received during 2009-10. The gas off-take in 2010-11 includes 9.00 MMSCMD APM/ PMT gas, 2.86 MMSCMD RLNG and 1.91 MMSCMD of KG D6 basin gas.

Your Company renewed APM gas agreements up to the year 2021 and PMT gas agreements up to the year 2019 for its gas stations. The long-term RLNG supply agreement with GAIL is valid till 2019. Further, out of 4.46 MMSCMD of KG D6 gas allocated by Government of India for NCR gas stations, viz. Anta, Auraiya, Dadri & Faridabad, 2.30 MMSCMD has already been tied up. The balance 2.16 MMSCMD KG D6 gas is under negotiation.

Your company has been making arrangements for tie-up/ supply of spot RLNG/ Fallback RLNG from domestic suppliers on 'reasonable endeavour' basis based on requirement/ availability from time to time.

12.3 Development of Coal Mining projects

Your Company has been allocated six coal blocks by the Government of India. Further, Brahmini coal block (including Chichro-Patsimal) has been allocated for joint operation by Coal India Limited & NTPC. All these mining blocks together have a production potential of more than 73 million tonnes per annum.

Your Company has appointed Thiess Minecs India Private Limited as Mine Developer cum Operator for

Pakri Barwadih Coal Mining Project.

Rehabilitation Action Plans (RAP) for these coal blocks have been prepared in association with District Administration and Project affected families. NTPC is providing adequate compensation and benefits. As a regular income generating scheme for the project affected families, 'Annuity Scheme' has been launched in association with LIC. Your Company is taking up community development activities involving youth and woman empowerment; skill development; education encouragement like scholarship to meritorious students, improvement of school infrastructure, etc.; regular health check-up; local area infrastructure development schemes like installation of solar street lights, de-silting of ponds, distribution of drinking water, construction of community hall, road repairing work, etc. A new ITI is being set up at Barkagaon in Hazaribagh Distt. for the project affected persons.

The progress of various ongoing activities in these blocks is as under:

Particulars	Coal Blocks					
	Pakri Barwadih	Chatti-Bariatu	Kerandari	Talaipalli	Dulanga	Chatti-Bariatu (South)*
Environment Clearance	Obtained	Obtained	Obtained	Proposal under process at MOEF	Proposal under process at MOEF	Draft Mining Plan prepared
Forest Clearance	Obtained	Obtained	Proposal cleared by State Forests Dept..Under Process at MOEF	Under process at Chief Conservator of Forests,Raipur	Under process at Distt. Forest Department	-
Land Acquisition	2050 acres including forest land in possession. Payment disbursed for 450.75 acres of private land	Payment disbursed for 123 acres of private land.	Payment disbursed for 74 acres of private land.	All notifications under CBA Act completed and RAP finalised	All notifications under CBA Act completed. Land rate under finalization.	-
Mine Developer-cum-Operator (MDO)	Appointed. Mobilised at site	NIT has been issued, RFQ evaluation done.	Planned during 2012-13	Appointed	Planned during 2012-13	-
Status of award of Other Packages	Construction of CHP, R&R Colony and Substation awarded.	Under various stages of tendering.	Under various stages of tendering.	Under various stages of tendering	Under various stages of tendering	-

* This block is located in the dip side of Chatti-Bariatu block and will be developed at the end of mining of the later block i.e. by 2037.

In reply to Ministry of Coal (MOC) letter dated 14.06.2011 for de-allocation for Chatti Bariatu, Chatti Bariatu (South) and Kerandari-A coal blocks of NTPC, Brahmini & Chichro-Patsimal coal blocks allocated to CIL-NTPC Urja Pvt. Ltd., Your Company requested MOC for review the decision of de-allocation at the highest level. In addition to this Secretary (Power) vide letter 07.07.11 has also requested Secretary (Coal) to review the de-allocation of coal blocks and restore it to NTPC.

12.4 Other initiatives for securing coal supply

To leverage the strength of established players in mining and related areas, your Company has formed following Joint Venture Companies:

Name of Company	JV Partners	Purpose
CIL NTPC Urja Pvt. Ltd.	Coal India Ltd.	For undertaking the Development, O&M of Brahmini and Chichro Patsimal coal blocks and Integrated Power Project(s). The block is regionally explored and requires detailed exploration for preparation of Geological Report. CMPDIL has been entrusted with the job of detailed exploration.
NTPC SCCL Global Ventures Pvt. Ltd.,	Singareni Collieries Company Ltd.	For undertaking development and O&M of coal Blocks in India and abroad.
International Coal Ventures Pvt. Ltd.,	SAIL, CIL, RINL and NMDC	For exploring various opportunities in Australia, Mozambique, Canada, Indonesia and USA, etc for acquisition of stake in coking coal and thermal coal mines.

Your Company is reviewing the proposal to explore the possibility of using pet coke in Thermal Power Stations received from Hindustan Petroleum Corporation Limited – Mittal Energy Investment Private Limited.

Your Company is also receiving proposals from time to time for acquiring coal mines abroad from investment bankers as well as from mine owners from countries like Indonesia, South Africa, Australia and Mozambique. These proposals are under review and discussion with respective parties.

12.5 Exploration Activities

Under New Exploration Licensing Policy (NELP-VIII), your Company signed Production Sharing Contracts (PSCs) on 30.06.2010 with Government of India for four Oil/ Gas Exploration blocks.

One of the blocks allotted under NELP-VIII is held by NTPC with 100% participating interest and as operator. Exploration activities in this block will commence after grant of Petroleum Exploration Licence for which application has been made to the Government of Gujarat. Minimum work programme commitment (MWP) for this block is ₹ 1701.6 million.

The other three blocks are held by your Company in consortium with ONGC as operator and NTPC's participating interest is 10% in each block. Exploration activities in these blocks have commenced during the year. NTPC's share of MWP for these blocks is ₹ 810.3 million.

13. BUSINESS EXCELLENCE: GLOBAL BENCHMARKING

In order to give an impetus to the journey towards

continuous improvement, NTPC Business Excellence Model 2010, (an Internal Assessment Model for Excellence) using EFQM methodology has been developed for the organization suitably integrating the requirements of all stakeholders, after studying various world class frameworks. This Internal Assessment Model has been rolled out this year to all operating stations. An e-training module for Business Excellence Model has been developed for providing awareness to all employees across the organization.

For employees engagement and development, Quality Circles and Professional Circles are given thrust by organizing competitive conventions at three levels i.e. station, regional and national level. Winning teams are encouraged to participate in International Conventions. There are about 800 Quality Circles and 325 Professional Circles. Every year one Quality Circle is being sent to International QC Convention.

At strategic level apart from adopting NTPC Business Excellence Model, attempt is also being made for adopting balanced score card approach by integrating both for achieving automation of all business processes, meetings and reviews by adopting suitable lead & lag indicators and strategy maps.

14. RENOVATION & MODERNISATION

14.1 Need for R&M:

Renovation and modernization (R&M) of power plants in the present scenario of severe resource constraint is considered to be the best option for bridging the gap between the demand and supply of power as (R&M) schemes are cost effective. To

this end, renovations are being carried out for the purpose of life extension of units, performance improvements, capacity up rating, availability improvement, and improved environment compliance. It increases the capacity, ensures safe, reliable and economic electricity production by replacement of worn-out, deteriorated or obsolete electrical, mechanical, instrumentation, controls and protection system by state-of-the-art equipment.

14.2 Strategy by the Company:

Your Company has approved the Strategy to be adopted for Mid Life R&M as well as Post 25 years Life Extension of Units in coal based stations, based on Tariff Regulations by CERC for 2009-14. R&M activities are under implementation in the power stations of Singrauli, Korba, Farakka Stage-I, Rihand Stage -I and Anta Gas Power Station and the take – over plants of Talcher TPS, Tanda TPS and Unchahar Stage- I totalling more than 7400 MW. Approvals for Mid Life R&M of Coal based projects of Talcher Kaniha (2x500 MW), Ramagundam (3x500 MW), Farakka (2x500 MW), Kahalgaon (4x210 MW), Vindhyachal (6x210+2x500 MW), FGUTPP (2x210+2x210 MW) and Singrauli (2x500 MW) are under process.

14.3 Benefits from R&M:

Through the R&M, there has been substantial improvement in PLF of Tanda and Talcher Thermal Power Plants in comparison with the time your Company took over these plants. The details are as under:

Name of the Plant	PLF prior to Take-over	PLF in 2010-11
Tanda	21.59%	92.61%
Talcher	19.80%	94.22%

15. VIGILANCE

15.1 Vigilance Mechanism:

Your Company ensures transparency, objectivity and quality in its operation and to monitor the same, the Company has a Vigilance Department headed by Chief Vigilance Officer, a nominee of Central Vigilance Commission. The four units of Vigilance Department namely Corporate Vigilance Cell, Departmental Proceeding Cell (DIPC), MIS Cell and Technical Cell (TC) deal with various facets of Vigilance Mechanism. Your Company's employees also adhere to directives of CVC by submitting record of movable and immovable property annually to CVO office. The

employees can give their suggestions and feedback for improvement of the vigilance mechanism on Vigilance portal on NTPC Intranet.

Your Company has commenced certain measures like publishing of post bid details of tenders on website www.ntpctender.com, e-payments to contractors, suppliers, employees and other parties, use of website for recruitment process, etc to ensure transparency in the systems and processes.

15.2 Workshops and Vigilance Awareness Week

Preventive Vigilance Workshops are being conducted every year to sensitize employees about sensitive points and DOs and DONTs in work areas and their role in preventing corruption.

Vigilance Awareness Week is being organized every year in first week of November to emphasize upon leveraging IT, creating awareness for transparency accountability, fair play and objectivity. The issues relating to contractors are also addressed to their satisfaction during Customer Meet organized during Vigilance Awareness Week.

15.3 Implementation of Integrity Pact

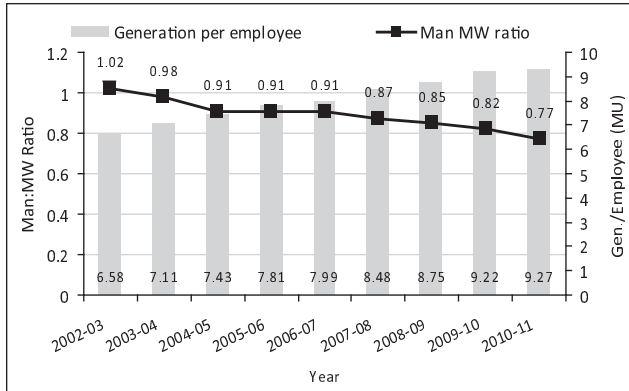
Your Company is committed to bring total transparency to its business processes and as a step in this direction has signed a Memorandum of Understanding with Transparency International India in December, 2008. The Integrity Pact is being implemented for all contracts having value exceeding ₹ 10 crore. Two Independent External Monitors have been nominated by the Commission for all contracts with values exceeding ₹ 100 crore.

15.4 Implementation of Fraud Prevention Policy

The Fraud Prevention Policy has been formulated and implemented in your Company since 2006. The cases referred by the nodal officers are being investigated immediately to avoid fraudulent behaviors as defined in the Fraud Policy.

16. HUMAN RESOURCE MANAGEMENT

16.1 Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present heights. The productivity of employees is reflected in the consistent reduction of Man-MW ratio over the years. The over-all Man-MW ratio for the year 2010-11 excluding JV/subsidiary capacity is 0.77 and 0.74 including capacity of JV/ Subsidiary. Generation per employee has increased to 9.27 MUs registering an increase of 0.5% over the last year.



The total employee strength of the Company stood at 25,144 as on 31.3.2011 against 24,955 as on 31.3.2010.

	FY 2010-11	FY 2009-10
NTPC		
Number of employees	23,797	23,743
Subsidiaries & Joint Ventures		
Employees of NTPC in Subsidiaries & Joint Ventures	1,347	1,212
Total employees	25,144	24,955

The attrition rate of the executives during the year was 1.00%.

16.2 Employee Relations

During the year employees' relations climate was peaceful and conducive. The scheme for employees' participation in management continues to function successfully all over NTPC. There have been continuous interactions between the management and the apex fora of workmen and executives – National Bipartite Committee (NBC) and NTPC Executives Federation of India (NEFI) respectively. The unions and associations and also the individual employees complimented the efforts of the management in developing and sustaining an enabling performance culture in the organization. Meetings and workshops for workmen and executives association were held during the year wherein issues relating to performance and productivity were discussed. The overall employee relations scenario in NTPC continued to be cordial marked by industrial harmony and mutual trust.

16.3 Safety

Occupational safety and Health at workplace is one of the concerns of NTPC Management and utmost importance is given to provide safe working environment and inculcate safety awareness among the employees.

Regular plant inspection, internal and external safety audits are carried out at each Project/Station. Safe methods are practised in all areas of Operation and Maintenance (O&M) and Construction & Erection (C&E) activities. Safety task force for O&M and Construction activities, height permit and height check list are implemented. Qualified safety officers are posted at all units as per statutory rules/provisions. Safety control rooms are established at all construction projects to monitor unsafe conditions and unsafe acts.

Through our continuous efforts in safeguarding the employees, accidents have come down by 30% as compared to last year. Many of our plants have been awarded with prestigious safety awards in recognition of implementing innovative safety procedure and practices.

16.4 Training and Development

In line with its long-term objective of being a learning organization, your Company has continuously promoted training and development of not only its own employees but also other professionals of the power sector. In this effort, your Company has established Power Management Institute (PMI) at the corporate level as well as the employee development centres at the sites. Training imparted is always in tune with new emerging needs in diverse areas like nuclear power, coal-mining, hydro-power, super-critical technology, renewable energy etc. and for this purpose every year some new programmes are included in the annual calendar. Apart from this, the usual programmes include managerial topics, power station operation & maintenance and project construction, erection and commissioning and information technology.

Under the on-going scheme of strengthening the Industrial Training Institutes (ITIs) across the country, your Company had taken the initiative of adopting ITIs near its power generating stations and a total of 18 ITIs have been adopted under this scheme till 31.03.2011. This activity is being coordinated through PMI which is also facilitating the construction of eight new ITIs where new projects are coming up. Through this initiative, PMI has created 1209 extra seats in ITIs.

During 2010-11, your Company organized the following training programmes in power and energy sectors:

- (a) A national conference on Cases & Research in Power Sector to provide a platform for practising managers, academicians and research scholars to develop,

contribute and present real life cases and action research from business practices in power and energy sector.

- (b) Hands-on training in 660 MW simulator at PMI to 256 participants.
- (c) Four Batches of 12-weeks each of the flagship programme on “Thermal Power Generation” for internal participants as well as external clients.
- (d) The Strategic Management Initiative for Leadership & Empowerment (SMILE) programme for Executive Directors of NTPC during March 14 - 17, 2011 which was attended by 15 participants. The programme revitalized the vision for developing strategic orientation and sustainable leadership practices in the organization.
- (e) Internationally accredited prestigious programme - American Society of Mechanical Engineers (ASME) Boiler and Pressure Vessel Code Section VIII Div. 1- by PMI faculty authorized by ASME.
- (f) An international conference on O&M of power stations was held wherein several technical papers were presented for experiential learning by professionals from power sector companies of India as well from other countries.
- (g) 396 training programmes were conducted with a participant base of 9,130. The training mandays clocked was 55,737.

17. INCLUSIVE GROWTH

17.1 Corporate Social Responsibility:

Your Company has always discharged its social responsibility as a part of its Corporate Governance philosophy. It follows the global practice of addressing CSR issues in an integrated multi stakeholder approach covering the environment and social aspects.

With a view to address the domains of socio-economics issues at national level and in line with its Corporate Social Responsibility – Community Development Policy, your company has taken up various activities.

Initiatives undertaken by the Company:

As most of the stations of your Company are located in remote rural areas, various activities were taken up essentially in the areas of basic infrastructure development like primary education, community health, drinking water, sanitation, road, vocational training etc.

In the area of Education, Financial assistance is being

given to Ramakrishna Mission for conducting various activities under the banner “Awakening India” heralding the 150th Birth Anniversary celebration of Swami Vivekananda.

Further, financial contribution was given to Sri Vedmata Gayatri Trust for construction of School cum Multipurpose Building in Village Shaulana, Distt. Ghaziabad, UP; and to District Administration, Visakhapatnam for preparation and development of Audio Study material for Visually Challenged Persons.

NTPC took up various vocational training programmes, such as web page designing and computer training, motor rewinding, motor driving, general electrical repairing, and mobile repairing etc. for youth and various coaching classes etc. for village children, based on the need of the local community in the neighbourhood of its stations.

In order to contribute in the Conservation of selected National Monuments, NTPC has committed financial support to Archaeological Survey of India (ASI) and National Culture Fund (NCF) for conservation of 3 identified sites.

As regards women empowerment, construction of one floor of Girls Hostel in Guntur district of AP has been completed, the same at Ongole is nearing completion. Various vocational training programmes for women in the neighbourhood villages of its stations including Cutting, Tailoring, Stitching, Dress Designing, Beautician, Embroidery, food preservation and food processing etc. were taken up. Financial support to Centre of the Study of Values, Udaipur was extended for vocational training in self reliance for 500 tribal girls/ women Udaipur district.

Committed to its social responsibility, your Company had become a member of Global Compact, a voluntary initiative of the UN for CSR. Your Company confirms its involvement in various CSR activities in line with 10 Global Compact principles and shares its experience with the representatives of the world through “Communication on Progress”.

A report on progress made in this area is enclosed at Annex-IX to Directors’ Report.

17.2 NTPC Foundation

NTPC Foundation, registered in December 2004, is engaged in serving and empowering the physically challenged and economically weaker sections of the society.

Initiatives undertaken by the Company:

The Information and Communication Technology

(ICT) Centre, set up jointly by NTPC Foundation and University of Delhi, and similar ICT facilities to the blind schools in Lucknow, Ajmer, Thiruvananthapuram and Mysore are helping a large number of physically challenged students to learn IT Skills and move along with the mainstream society.

NTPC Foundation-NIOH Disability Rehabilitation Centre(NFNDRC) established at Tanda in collaboration with National Institute for the Orthopaedically Handicapped (NIOH), Ministry of Social Empowerment, Govt of India is providing rehabilitation/ restorative surgery to physically challenged persons like medical interventions and surgical corrections, fitting of artificial aids and appliances and therapeutic services etc.

New Disability Rehabilitation centers have been started at 4 more stations at Dadri, Korba, Rihand and Bongaigaon.

In the area of health, Directly Observed Treatment cum Designated Microscopy Centre (DOT cum DMC) with Mobile Vans, diagnostic equipments and paramedical services have been started at 10 NTPC hospitals in Farakka, Kahalgaon, Korba, NCPP-Dadri, Ramagundam, Rihand, Singrauli, Talcher-Kaniha, Unchahar and Vindhyachal respectively for diagnosis and treatment of the Tuberculosis patients in the neighbourhood villages of the stations. New centre has been started in 2 more stations i.e. at Anta and Sipat.

NTPC is also supporting the efforts of Distributed Generation (DG) for preparation of feasibility reports, project insurance and bridging the funding gap between cost of the projects and available funds, through NTPC Foundation.

15 projects have been supported in the past benefiting 2153 households.

17.3 Rehabilitation & Resettlement

Your Company is committed to help the populace displaced for execution of its projects and has been making efforts to improve the Socio-economic status of Project Affected Persons (PAPs). In line to meet its social objectives, your Company is focusing on effective R&R of PAPs and undertaking community development activities in and around the projects.

Initiatives undertaken by the Company:

During the year, R&R Policy has been revised aligning it with the provisions of GOI National Rehabilitation & Resettlement Policy 2007 and retaining its learnings and well structured mechanism in the area of R&R.

R&R Plan for Meja and Community Development (CD) for Bongaigaon project were approved during the year. Other R&R and CD Plans in process for the projects/ plants continued to be implemented.

Socio-economic Survey was completed for Mouda-II, Kudgi, Marakkanam and Nabinagar STPP and is in progress at Muzaffarpur, Darlipalli, Gajamara, Barethi, Lara, Gadawara and Khargone Projects.

18. IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company has made vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Government of India. Several Hindi workshops, meetings, conferences and competitions were conducted at projects, regional offices and corporate centre during the year to encourage the employees to maximize the use of Hindi in official work. All office orders, formats and circulars were issued in Hindi as well. Important advertisements and house journals were released in bilingual form- in Hindi and in English. Annual Rajbhasha Conference was organized on 8th June 2010 for Hindi Officers under the Chairmanship of Director (Human Resources). To promote Hindi in Power Sector Meeting of Hindi Advisory Committee was held in Coorg under the Chairmanship of Minister of Power.

Your Company's website also has a facility of operating in bilingual form- in Hindi as well as in English.

19. SUSTAINABLE ENERGY DEVELOPMENT

Vision Statement on Sustainable Energy Development:

"Going Higher on Generation, lowering GHG intensity"

Initiatives undertaken by the Company:

Your Company is committed for development of renewable energy in view of global warming and fast depletion of fossil fuel.

Your Company envisages capacity addition of 1000 MW through renewable energy sources by 2017. These include wind, solar and small hydro based capacities. In this endeavor, Ministry of Power has allocated 105MW (Phase-I) of unallocated thermal power from upcoming projects of NTPC for bundling with solar energy being generated from NTPC's Solar Projects. Potential sites for 50MW have already been identified within NTPC's generating stations and land for balance capacity have been identified in Madhya Pradesh and Andaman & Nicobar.

Your Company has initiated competitive bidding process for implementation of 25MW solar projects and for the remaining projects. Detailed Project Reports are being finalized.

Solar based projects in Karnataka, Gujarat and Rajasthan for total capacity of 195MW are under preliminary stages of development.

As a measure to hedge against volatile fuel prices and the uncertain cost of complying with future environmental regulations, bids have been opened and are under evaluation for award for 39 MW Wind Energy Projects at Chakala in Maharashtra, 36MW at Modurgudda in Karnataka and 100MW at Guledagudda in Karnataka.

Your Company has already commissioned 15DG projects with cumulative capacity of 300KW at Chattisgarh, Uttar Pradesh, Rajasthan and Madhya Pradesh. One micro hydro based DG project of 2X20 KW is under construction at Nakkiya in Chattisgarh which is scheduled to be commissioned by December 2011.

Your Company has signed the Joint Venture Agreement with ADB & Kyushu for power generation (500MW) through renewable energy sources. Joint Venture Company would be incorporated soon.

20. NETRA – R&D Mission in Power Sector

NTPC Energy Technology Research Alliance (NETRA) focuses on areas such as Climate Change, Waste Management, New & Renewable Energy, Efficiency improvement, scientific support to stations, Cost reduction and reliability of stations.

In order to provide utmost benefits to the stations, projects like Artificial Intelligence based plant performance advisory system, real-time advisory system for maintaining boiler water chemistry parameters, Radio frequency Identification (RFID) based fish plate removal detection system, etc have been successfully completed and deployed/tested at stations.

Research Advisory Council (RAC) comprising eminent scientists and experts from India and abroad is in place to steer high-end research. Scientific Advisory Council (SAC) with Regional Executive Directors & Station Heads as its members provides directions for improving plant performance & reducing cost of generation. Meetings of both the Advisory Councils were held periodically where members deliberated on various project activities and gave guidelines for implementation of suggestions. Applications for 15

patent applications are in advanced stage of processing. NETRA provides technical support to all NTPC stations as well as other Utilities to improve their performance.

As a part of establishing state-of-the art facilities for condition monitoring and diagnostic techniques, facilities like phased array, Ion-chromatograph, alloy analyzer, High Pressure Liquid Chromatography (HPLC), 8 sensor solar radiation station, etc have been procured and installed at NETRA. To further expand the infrastructure creating laboratories and facilities, etc, the Phase II building activities are in advanced stage.

NETRA is in the process of entering into a MOU with KfW, Germany for establishing solar & PV research facilities at NETRA.

21. ENVIRONMENT MANAGEMENT – CONTINUOUS IMPROVEMENTS

21.1 Your Company is pursuing the objective of sustainable power development. It has taken a number of initiatives towards protection of the environment by providing advanced environment protection control systems, regular environment monitoring and judicious use of natural resources, adoption of high efficiency technologies such as super critical boilers for the up-coming Greenfield projects. High efficiency Electro-static Precipitators (ESPs) with efficiency of the order of 99.9% or higher and advanced ESP control systems have been provided in all coal based plants to keep suspended Particulate Matter (PM) below the permissible level of 150 mg/Nm₃. All new plants are being provided with ESPs designed for outlet dust burden of below 100 mg/Nm₃. R&M of ESP is also underway in old units by providing additional collection area, advanced controllers and replacement of electrodes etc to keep PM values within limits. Flue Gas Conditioning (FGC) system has also been provided at our older stations as a short term measure to reduce PM emissions.

To treat the waste water and reduce consumption of fresh water requirements for the plants, your Company has installed Liquid Waste Treatment Systems, Ash Water Recirculation System and closed cycle condenser cooling water systems with higher Cycle of Concentration (COC) in its stations. The Company is using 3 R's (Reduce, Recycle & Reuse) as guiding principle for reduction in consumption of water. Further, treated waste water is used in various plant systems resulting in reduction of fresh water

requirement. This has resulted in considerable reduction in fresh water intake by 20% to 30% and also reduction in quantity of effluent discharge from the power plants.

Ash dykes in the Company have been engineered to ensure that all safety and environment issues are addressed at design stage itself. Multi-lagoon ash ponds with provision of over-flow Lagoons and ash pipe garlanding arrangement for change over of ash slurry feed points have been provided for effective settlement of ash particles. Water sprinklers have been provided in the Ash Pond areas for control of fugitive dust.

As a proactive measure and to effectively utilize bio-degradable solid wastes generated in project canteens and townships, Bio-Methanation Plant has been set up at Faridabad and Singrauli to convert the waste into useful energy and bio-fertilizer. Methane generated from these plants is used in canteens to reduce energy requirement for cooking purpose.

In order to monitor key environmental parameters of stack emissions, ambient air and effluents continuously on real time basis, 61 continuous Ambient Air Quality Monitoring System (AAQMS) along with Meteorological Sensors have been installed at 20 stations located all over India.

To understand impact of power plants on flora & fauna and human beings, your Company has taken up a number of Environment Studies such as Human Health Risk Assessment, Fly Ash Leachate Study, pollutant Source Apportionment Study and Post Operational Environment Impact Assessment Study at various stations.

Your Company has planted more than 19 million trees till date in and around its projects as a measure to take massive afforestation. The afforestation has not only contributed to the 'aesthetics' but also helped in carbon sequestration by serving as a 'sink' for CO₂ released from the stations.

21.2 Clean Development Mechanism (CDM)

Your Company is pioneer in undertaking climate change issues proactively. The Company has taken several initiatives in CDM Projects in Power Sector. Its projects i.e. Northkaranpura STPP and Tapovan Vishnughad HEPP & energy efficiency projects at Singrauli STPP have got Host Country Approval from National CDM Authority. The methodology prepared by NTPC viz. "consolidated base line and monitoring methodology for new grid connected fossil fuel

fired power plants using less GHG intensive technology" for Super Critical technology has been approved by "United Nations Frame Work Convention on Climate Change (UNFCCC)" under 'Approved Consolidated Methodology 13'. More green field energy efficiency CDM projects are in pipeline.

21.3 Ash Utilisation

During the year 2010-11, 26.03 million tonne of ash had been utilized for various productive purposes which is 55.14% of the total ash generation against MoU target of 55%.

Important areas of ash utilization are – cement & asbestos industry, ready mix concrete plants (RMC), Road Embankment, Mine filling, Ash Dyke Raising & Land Development. Issue of fly ash to cement, RMC and other industries has been 9.88 Million Tonnes.

Pond ash is being issued free of cost to all ash users from all NTPC Stations. Fund collected from sale of ash is being maintained in a separate account by the subsidiary company i.e. NTPC Vidyut Vyapar Nigam Limited and the same is being utilized for development of infrastructure facilities, promotion and facilitation activities to enhance ash utilization.

21.4 CenPEEP – towards enhancing efficiency

'Center for Power Efficiency and Environmental Protection' (CenPEEP), was set up to take initiatives to address climate change issues. It is a symbol of NTPC's proactive approach towards Greenhouse Gas (GHG) reduction and commitment towards environmental protection. The centre has been entrusted with some of the Strategic Initiatives such as improvement in Efficiency and reliability. The thrust has been given to efficiency improvement through customized Energy Efficiency Management System (EEMS) and reliability through 'Knowledge Based Maintenance'. The activities include use of advanced analytical tools for efficiency gap analysis, combustion optimization, improvement in performance of condenser, cooling tower, coal mills and air-preheater, maximization of condition based maintenance through systematic 'Predictive Maintenance Program', Reliability improvement strategies by Failure mode analysis through Reliability Centered Maintenance (RCM) and risk mitigation by Financial Risk Optimization (FRO).

Through these efforts, over the years, more than 30 million tons of CO₂ has been avoided in NTPC. The technical assistance to CenPEEP has been provided by USAID through USDOE and various other US

institutes. CenPEEP has shared its knowledge and expertise of best practices with 14 State utilities in order to improve their efficiency and reduce carbon footprint.

A project on 'Study on enhancing Efficiency of Operating Thermal Power Plants in NTPC-India' was completed with Japan International Agency for Cooperation (JICA) where technical assistance was provided by experts from a consortium of three Japanese utilities namely Electric Power Development Co., Kyushu Electric Power Co. and The Chugoku Electric Power Co.

22. RURAL ELECTRIFICATION

NTPC through its wholly owned subsidiary NESCL is carrying out the implementation of rural electrification in 29 districts in 5 States namely Madhya Pradesh, Chhatisgarh, Orissa, Jharkhand and West Bengal under Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY). 4315 un-electrified/ de-electrified (UE/DE) villages were made ready and 12.52 lac Below Poverty Line Rural household connections were provided during the Financial Year 2010-11.

The cumulative achievement till 31.03.2011 includes 14433 UE/DE villages which have been electrified and 23.23 lac BPL connections have been provided.

Besides above, 4443 partially electrified villages were also made ready during the financial year 2010-11. The cumulative achievement of PE is 11279 till 31.03.2011.

23. RIGHT TO INFORMATION

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has put RTI manual on website for access to all citizens of India and has designated a Central Public Information Officer (CPIO), an Appellate Authority and APIOs at all projects/ stations/ offices of NTPC.

During the year 2010-11, 831 applications were received under the RTI Act, out of which 813 applications were replied to. Twelve Workshops on RTI Act have been conducted at regional headquarters/ stations to share and deliberate on latest notifications, amendments and other issues for smooth implementation apart from the APIO's Conference held in June 2010. An interaction session with the Delegates from Commonwealth countries

was also organized on 09.02.2011.

24. USING INFORMATION AND COMMUNICATION TECHNOLOGY FOR PRODUCTIVITY ENHANCEMENT

Your Company has implemented an Enterprise Resource Planning (ERP) package covering maximum possible processes across the organization including subsidiaries. In addition to core business processes and Employee Self Service functionality, the ERP solution also includes e-procurement, Knowledge Management, Business Intelligence, Document Management and workflow etc. To take care of the need for process data at desktop for analysis and monitoring, PI system has been implemented at all plants in operation. PI based applications for real time performance monitoring analysis have been implemented at many locations and the remaining locations will be covered soon.

Network connectivity has been strengthened using Multi-Protocol Label Switching- Virtual Private Network (MPLS-VPN). Bandwidth of communication network has now been doubled to make ERP operation faster. Further, a parallel communication network from alternate service provider is being arranged to ensure maximum reliability and availability of communication network.

A state-of-the-art Data Centre and centralized server facility to cater the entire NTPC is in operation at NOIDA. A disaster recovery centre is also functional at Hyderabad.

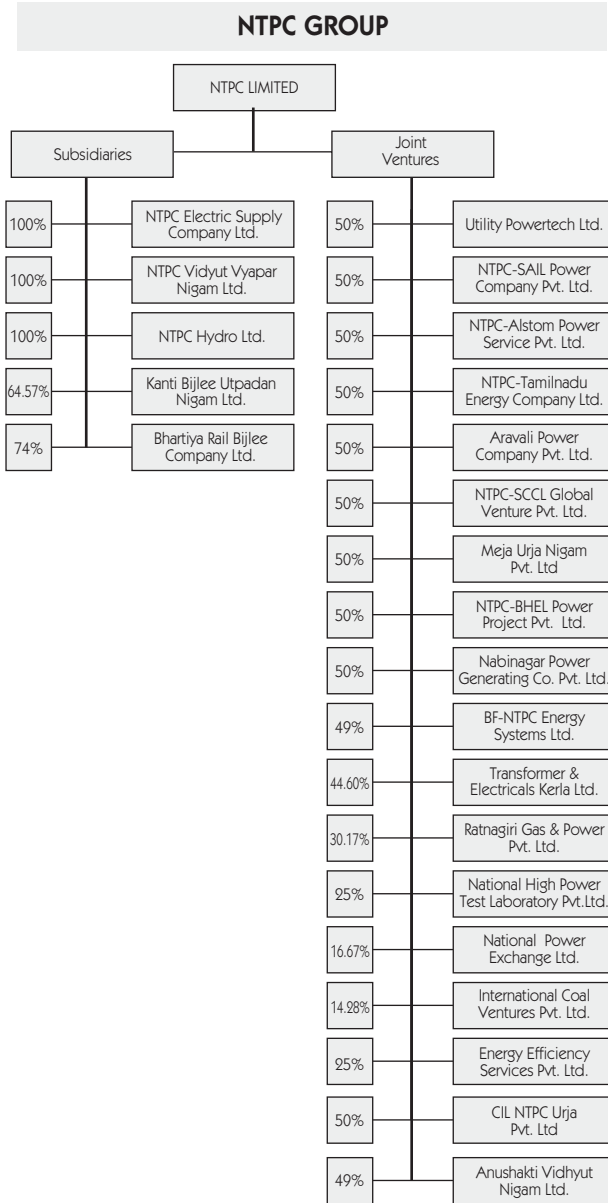
Your company has already implemented Video conferencing at all NTPC Plant locations and subsidiaries which is being extensively used for Management Committee Meetings and Project Monitoring on regular basis. This facility at PMI is also now being used for conducting virtual class room coaching for students located at NTPC sites.

25. NTPC GROUP: JOINT VENTURES AND SUBSIDIARIES

Your Company has formed 18 joint venture Companies and 5 subsidiary Companies for undertaking specific business activities. The name of Pipavav Power Development Company Limited, a wholly owned subsidiary of NTPC has been struck off from the Registrar of Companies, NCT of Delhi & Haryana w.e.f. 28.01.2011 pursuant to Section 560 of the Companies Act, 1956. As such, the Company stands dissolved w.e.f. 28.01.2011.

The names of Subsidiaries and Joint Venture

Companies and the percentage of your Company's stake in these Companies is as follows:



The performance of these Companies as well as the consolidated financial statements are briefly discussed in the Management Discussion & Analysis section. The financial statements of subsidiary Companies along with the respective Directors' Report are placed elsewhere in this Annual Report.

26. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 1956, Listing Agreement with Stock Exchanges, Government guidelines etc. is annexed

to this report as below:

Particulars	Annexure
Management Discussion & Analysis	I
Report on Corporate Governance	II
Information on conservation of energy, technology absorption and foreign exchange earnings and outgo	III
Information as per Companies (Particulars of Employees) Rules, 1975**	IV
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies	V
Statistical data of the grievances	VI
Statistical information on persons belonging to Scheduled Caste / Tribe categories	VII
Information on Physically Challenged persons	VIII
UNGC-Communications on progress 2010-11	IX
Project Wise Ash Utilisation	X

****INFORMATION AS PER COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975**

Ministry of Corporate Affairs, through Notification G.S.R. 289(E) dated 31st March 2011 has amended the Companies (Particulars of Employees) Rules, 1975 by providing that the information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 shall be required to be provided for those employees whose remuneration is more than ₹ 60 lac per financial year, if employed for whole of the year or more than ₹ 5 lac per month, if employed for part of the year. The said Notification further provides that in case of Government Companies such particulars are not required to be included in the Board's Report. However, such particulars shall be made available to the shareholders on a specific request made by them during the course of Annual General Meeting to be held on 20.09.2011.

27. STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Dass Gupta & Associates, K.K. Soni & Co., Varma & Varma, Parakh & Co., B.C. Jain & Co. and S.K. Mehta & Co. were appointed as Joint Statutory Auditors for the financial year 2010-11.

28. MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an un-qualified report on the accounts of the Company for the Financial Year 2010-11.

29. REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller & Auditor General of India, through letter dated 20.05.2011, has given 'NIL' Comments on the Financial Statements of your Company for the year ended 31st March 2011 under section 619(4) of the Companies Act, 1956. As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG for the year 2010-11 are being placed with the report of Statutory Auditors of your Company elsewhere in this Annual Report.

30. COST AUDIT

As prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001, the Cost Accounting Records are being maintained by all stations of the Company since the year 2002-03. The cost audit for the year 2010-11 has been completed and the Cost Audit reports are being submitted by the Cost Auditors.

31. BOARD OF DIRECTORS

Shri Arup Roy Choudhury has taken over as Chairman & Managing Director of your Company w.e.f. September 1, 2010. Shri R.S. Sharma ceased to be the Chairman & Managing Director of your Company with effect from 31.08.2010 on attaining the age of superannuation. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri R.S. Sharma during his association with NTPC.

Shri S.P. Singh, Executive Director has taken over as Director (Human Resources) with effect from October 16, 2010.

Shri N.N. Misra, Executive Director has taken over as Director (Operations) with effect from October 19, 2010.

In accordance with the provisions of Article 41(iii) of the Articles of Association of the company four directors - Shri I.J. Kapoor, Shri A.K. Sanwalka, Shri Kanwal Nath and Shri Adesh Jain shall retire by rotation at the Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment.

32. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2010-11 and of the profit of the company for that period;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the Annual Accounts on a going concern basis.

33. ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the co-operation received from the Government of India, particularly the Prime Minister's Office, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Ministry of Petroleum & Natural Gas, Ministry of Railways, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, State Governments, Regional Power Committees, State Electricity Boards and Office of Solicitor General of India.

Your Directors also convey their gratitude to the shareholders, various International and Indian Banks and Financial Institutions for the confidence reposed by them in the Company. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. We also acknowledge the constructive suggestions received from Government and the Statutory Auditors.

We wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

For and on behalf of the Board of Directors



(Arup Roy Choudhury)
Chairman & Managing Director

Place: New Delhi
Date: August 04, 2011