

LETTER TO SHAREHOLDERS

Dear Shareowners,

It is my great pleasure to share with you that the year 2012-13 was marked with exceptional achievements by your Company.

Your Company has been ranked #1 Independent Power Producer and Energy Trader' in the world by Platts.

Your Company added greater thrust to continue the strong capacity-addition momentum acquired during the previous two years, adding 4,170 MW (including 1000 MW through JV Companies), which is by far the highest ever capacity addition in a year.

Your Company crossed the 40,000 MW mark and went well over it reaching a total installed capacity of 41,184 MW (including 5,364 MW through JV & Subsidiary Companies).

To sustain the strong growth momentum, your Company placed awards for a capacity of 8,521 MW during the year. At present an aggregate capacity of 20,064 MW is under construction. Thus, your Company is well poised to achieve the 12th Plan target of 14,038 MW and even surpass it.

Your Company achieved the highest ever capex of ₹ 19,926 crore which is nearly 25% more than previous year's capex.

Against all-India PLF of 70%, your Company maintained PLF of 83% during financial year 2012-13 despite constraints of fuel availability and financial situation of customer utilities.

With 18.4% of India's total installed capacity, your Company accounted for 27.4% of India's total generation in financial year 2012-13, underlining its consistently high generation efficiency.

Your Company remains the market leader and also among the lowest cost producers of power with an average selling price of ₹ 2.96 per unit during financial year 2012-13.

Mining activities are at an advanced stage in the first coal block at Pakri-Barwadih.

Ministry of Coal has withdrawn de-allocation of Chatti Bariatu, Chatti Bariatu (South) and Kerandari coal blocks.

Mining activities are progressing well at Kerandari, Chatti-Bariatu and Talaipalli coal blocks also.

With the recent allocations of four coal blocks having estimated geological reserves of about 2 billion tonnes, the



total coal reserves of your Company now amount to 5 billion tonnes.

Coal Supply Agreements (CSA) have been signed with the subsidiaries of Coal India Ltd. for supply of about 60 MTPA to cater to the requirement of over 14,000 MW capacity (including JV units) commissioned after March 2009. As you may be aware that for units commissioned upto March 2009 aggregating to about 24,000 MW, CSAs had already been in place. Thus, the long term coal supply of your Company's generating units is backed by sound contractual arrangements.

Your Company garnered over USD 2 billion (₹ 11,469.39 Cr) at weighted average price of ₹ 146.43 per share during 'Offer for Sale' (OFS) for disinvestment of further 9.5% Gov's stake which was oversubscribed by 1.7 times with 45% coming from foreign investors. Now, the Government shareholding in your Company stands at 75%. NTPC's OFS contributed nearly half of the resources raised by Government of India through its disinvestment programme during FY13. Thus, your Company has demonstrated that it enjoys tremendous confidence of the investors, both domestic and international.



Dignitaries present on the occasion of Laying of the Foundation Stone of Mauda Super Thermal Power Project , Stage – II (2 X 660 MW) on 4 January 2013.

Your Company's financial performance was exceptionally strong with a Profit After Tax (PAT) of ₹ 12,619 crore, an increase of about 37% over the previous year's PAT. The total income stood at ₹ 68,775 crore, a growth of 6%.

In addition to the interim dividend of ₹ 3.75 per equity share paid in March 2013, your Directors have recommended a special dividend of ₹ 1.25 per share and final dividend of ₹ 0.75 per share for the year 2012-13 subject to your approval taking the total dividend for the year to ₹ 5.75 per share, against ₹ 4.00 per share in 2011-12.

On the strength of its robust financial ratios and strong balance sheet, your Company has been able to raise debt at optimal rates.

A notable success was the decision about recovery of long pending dues of ₹ 2,520 crore towards settlement of dues of erstwhile Delhi Electric Supply Undertaking (DESU).

With focus on all-round sustainability of growth and performance, your Company takes up well laid down initiatives in the areas of Environment, CSR and Corporate Governance.

Your Company has commissioned 10 MW of solar power plants of 5 MW each at Dadri in Uttar Pradesh and at Port Blair in Andaman & Nicobar Islands. 85 MW of solar capacity and 8 MW of small hydro projects are under implementation. Your Company plans to make substantial strides in renewable energy development and has a target of 1,000 MW capacity by 2017.

So far, more than 35 MT of CO₂ has been avoided in NTPC including 2.15 MT avoided in 2012-13 as a result of concerted action by all groups concerned in the Company.

Efficiency improvement, climate change and unconventional energy sources are among the key priorities behind the R&D efforts of your Company.

From adopting and developing state-of-the-art power generation technologies to installing CO₂ monitoring system, energy audit and conservation and creation of a

green wealth of about 20 million trees, your Company has undertaken a broad spectrum of measures for promoting environmentally sustainable growth.

Social inclusion is a guiding feature of NTPC's growth strategy with specific initiatives in areas of infrastructure development, healthcare, education, water supply, sanitation, women empowerment etc. These initiatives benefit the neighbourhood population around the sites.

Your Company is committed to contribute 1% of Net Profit towards activities on CSR and sustainability development.

Besides intensive community and peripheral development, your Company has given special focus on promoting education which leads to skill creation and employability among people. Your Company is setting up a number of institutions at various locations.

Your Company's efforts to reach out to the physically challenged continue with strong passion and purpose, benefitting a large number of such people.

A total expenditure of ₹ 69.24 crore was incurred towards CSR in 2012-13.

Your Company's emphasis on corporate governance goes much beyond compliance. It has been taking many steps to promote transparency and accountability before they become mandatory. This pro-active approach has attracted awards and accolades and more importantly, it has resulted in a robust corporate image among stakeholders including investors.

This commitment of NTPC to all-round contribution has resulted in benefits to all the stakeholders. This has been possible primarily due to the highly competent and dedicated workforce who are kept motivated through forward looking HR policies and practices.

NTPC is the only PSU to constantly figure among the ten best employers in very prestigious surveys. In a survey covering 550 companies, 22 industries and close to one lakh employees carried out by 'The Economic Times and The Great Place to Work Institute' in 2013, your Company ranked Sixth among Best Ten Work Places, First in large organization category, First in Public Sector Category and First in 'Energy, Oil and Gas sector'.

On the basis of the proven capabilities of Team-NTPC, I take this opportunity to assure all stakeholders that the Company will continue to measure up to your expectations.

With best wishes,
Yours sincerely,

(DR. ARUP ROY CHOUDHURY)
CHAIRMAN & MANAGING DIRECTOR