

Letter to Shareholders

Dear Shareowners,

You will be delighted to note that FY 16-17 turned out to be a pivotal year for your Company NTPC, as it crossed the 50,000MW+ mark in Installed Capacity. With its strong overall performance, your Company is expected to retain the “Excellent” rating for the MoU signed with Government of India.

Your Company commissioned 3845 MW and added 2190 MW to its commercial capacity during FY16-17. The installed capacity of NTPC Group is 51,671 MW as on 31.07.2017.

Your Company has over 20,000 MW capacities under construction and is committed to deliver these projects in time. Your Company is growing at a brisk pace, indicated by the all-time high capex of ₹ 28,252 crore (standalone basis).

The coal based stations of your Company achieved a plant load factor (PLF) of 78.59% against the all-India thermal PLF of 59.88%. Three stations - Talcher Thermal, Sipat and Korba were ranked as the Top 3 stations in the country, and 6 stations clocked a PLF of over 85% during this period. Very significantly, your Company added Wind to its power generation portfolio and has commissioned 18 MW as on 31.07.2017.

FY16-17 saw the flag off of your Company's first coal rake, from its mining operations at Pakri Barwadih. This coal is being used at Barh Thermal Station of NTPC, in Bihar. This is an important step in the direction of secured fuel supplies for your Company. The medium term target for mining will be able to cater to more than 10% of its present coal requirements.

Your Company realized huge cost efficiencies during the year by swapping and rationalization of coal, appointing agency for third party coal sampling, and reducing imported coal consumption by 85% of previous year. By these measures, your Company was able to reduce per unit cost by nearly 40 paise in FY16-17 as compared to FY14-15. This translates into savings of more than ₹ 8000 crore to the state over to years. Government of India has recently approved “SHAKTI” policy which will further increase transparency in coal allocation, and improve cost efficiencies.

Your Company was the first Company to offer Green Masala Bonds, raising ₹ 2000 crore through Rupee-denominated bonds from international markets. The cost of debt has also been substantially brought down this year, primarily by domestic loan restructuring. Robust cash flows will be assured by extending TPAs with 27 States & UTs. FY16-17 saw 100% realization of current bills for the fourteenth year in a row.

Power generation of your Company (Group) increased by 5.07%, contributing around 24% to the country's generation. Although profit before tax of NTPC increased by as high as 16.91%, Profit After Tax looks subdued, primarily due to substantial offset of income tax by way of refunds received in previous fiscal and impairment loss on investment in RGPPL.

Your Company's management has always believed in maximizing shareholders' wealth. The Company has already paid an interim dividend of ₹ 2.61 per share and has recommended a final dividend of ₹ 2.17 per share for FY16-17, subject to your approval. This is a whopping 143% of that paid out last year. The holding of the Government in your Company stands at 69.74%.

Moving beyond its conventional power generation business, your Company is now looking at diversification in allied sectors, such as setting up electric vehicle charging infrastructure, ancillary services and energy storage.

Your Company is investing substantially in order to comply with the environmental norms, and is geared to become fully compliant with new environmental norms. This means we will be able to provide not only affordable and reliable power, but cleaner power too. Apart from this, NTPC is taking several initiatives to contain pollution in various forms. Two such projects, your Company is experimenting with are Waste-to-Energy and Biomass Co-firing. Your Company is also proud to share that it planted one crore trees in a short duration of 3 months during FY16-17 for carbon sequestration.

Your Company is placing enormous focus on water, a life-giving but stressed resource. Apart from launching an internal Water Policy to become a conscious steward, your company has adopted technologies like Air-Cooled-Condenser instead of Water-Cooled-Condenser in two of its upcoming projects, making all its projects Zero Liquid Discharge, and is tying up with Municipal Corporations to use treated sewage water.

Your Company commissioned a solid waste management plant at Karsara in Varanasi. Varanasi now ranks 32nd in Swachh Survekshan Survey by Gol - a jump of 33 positions over previous year. Other initiatives include opening of generic medicine stores at 12 locations to make affordable medicines available to all, and promoting cashless economy, by making townships digital-payment enabled.

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

