

## LETTER TO SHAREHOLDERS



Dear fellow share-owner of NTPC,

Your Company has posted impressive operational and financial numbers during a period marked by economic slow down and market volatility.

NTPC's total income reached Rs. 452.56 billion, an increase of 13.11% over the previous year. Your Company earned a profit of Rs. 82.01 billion, an increase of 10.61% over the previous year.

Your Company's performance in the stock market remained rock solid during a period witnessing unprecedented erosion in the value of most of the stocks. It had the third largest market capitalization of over Rs. 1482 billion as on March 31, 2009. Your Company also paid the highest ever dividend amounting to Rs. 29.68 billion at the rate of 36 per cent. The Company realized

100% payment of the current bills from its customers indicating sound commercial performance. The total asset value of your Company crossed Rs. 1.0 trillion (Rs. 1,05,225 crore) and it leverages these assets to maximize the return on your investment.

These impressive results are based upon sound operational performance indicated in all time high Availability Factor of 92.47% and PLF of 91.14% of the coal based stations. 10 coal based stations achieved more than 90% PLF with 4 achieving above 95% PLF. Your Company accounted for 28.60% of the national power generation with 18.82% of the country's capacity.

We have taken major steps for ensuring fuel security in order to sustain the high generation levels of your Company. We have entered into a Model Coal Supply Agreement with Coal India Ltd. for a period of 20 years with guaranteed supply at 90% of the Annual Contracted Quantity. We are signing an agreement with GAIL for supply of RLNG for a period of 10 years. For sustained long term supply of APM category gas by GAIL, we are also renewing the APM Agreement up to the year 2021 and PMT Agreement up to the year 2019. Your Company is also working for tie-ups of additional domestic gas/ RLNG on long term commitment basis to further augment its fuel supply.

Your Company's growth is on the fast-track. Capacity aggregating to 17,930 MW is under implementation and preparatory work is underway for another 25,000 MW. NTPC is going to become a 50,000 MW Company by the year 2012 and a 75,000 MW Company by 2017. We have intensified our project monitoring activities with focus on solid execution and accelerated growth by imparting new thrust upon Information & Communication Technology (ICT) enabled processes.

NTPC is being 'built to last' as a great organization. We are in the process of formulating a Corporate Plan for the period up to the year 2032. Long-term planning horizons, maintaining financial stability with strong balance-sheet, good cash flow and focus on operational costs and productivity determine our major decisions.

Your Company is going to add new electricity supply capacity and at the same time set high environmental standards through adoption of super critical and ultra super critical parameters for higher efficiency and reduced environmental impact. Your Company is diversifying its fuel mix, promoting renewable energy and aligning its priorities with the National Action Plan for Climate Change.

With focus on 'green power' and efficiency, we have restructured our R&D set up and have established NTPC Energy Technology & Research Alliance (NETRA) to focus on research and technology development relating to green power and efficiency improvement. We are developing a technology roadmap for the period up to the year 2027. NTPC's Centre for Power Efficiency & Environmental Protection (CenPEEP) has demonstrated various state-of-the art technologies and practices for improvement in generation efficiency and the consequent reduction in GHG emissions. Ministry of Power, NTPC and

Japan International Cooperation Agency (JICA) have decided to undertake a study on enhancing efficiency of some operating thermal plants in NTPC.

Your Company is engaged in strengthening the communities around its business units and is making a positive difference in the lives of the people in other areas too. We are connected with the society through our various CSR initiatives, including those in the areas of providing sanitation, drinking water, building rural roads, providing educational infrastructure and facilities. We have adopted 16 Industrial Training Institutes (ITIs) and are setting up 6 new ITIs. Your Company lays special emphasis on providing support to the physically challenged and making them economically productive. The first batch of physically challenged students have successfully completed training at the Information & Communication Technology (ICT) Centre established by 'NTPC Foundation' and the 'Equal Opportunities Cell' of Delhi University. Similar ICT Centres have started functioning at Thiruvananthapuram and Mysore for the visually challenged. The Foundation is setting up similar facilities in Lucknow and Ajmer. Your Company is providing support for basic and vocational education for women by way of promoting gender justice and women empowerment. We are engaged in electrification work of nearly 38,527 villages, including 27,00,000 households below poverty line in 6 States and a Union Territory under the Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY). Your Company is expanding and deepening its CSR initiatives.

Your Company has an enterprise-wide-risk management framework in place. This, in conjunction with the strong corporate governance practices, transparency and fairness in our dealings, has further strengthened the robust corporate image of your Company.

The credit for the excellent performance of the Company goes to the members of Team-NTPC, who are known for their "**Can do it spirit**". We are focused as much on employee growth and development as on assets growth and earnings.

Your Company has the capabilities and opportunities to build upon its position as the leading utility in the Indian power sector and as one of the best utilities in the world. Capitalizing on your organization's strengths and advantages, we are moving ahead with intense focus on targets and deliverables. With confidence in the outlook of the Company, we are committed to vindicate the trust you have reposed in us and to fulfil the expectations of all the stakeholders.

With best wishes,

Yours sincerely,



(R.S. Sharma)

Chairman & Managing Director