



## LETTER TO SHAREHOLDERS



Dear Shareowner,

Your Company is entering into a higher orbit of performance and growth with many opportunities and challenges. The Company has crossed the 400 billion mark in terms of gross revenue (Rs. 400.113 billion) and the 200 billion mark in terms of power generation (200.84 billion units) in the year 2007-08. Its net profit was Rs.74,148 million. Its total installed capacity, including that under joint ventures, is close to 30,000 MW (29,394 MW). Coal based power stations operated at 92.24% PLF. With 19.11% of the country's capacity, NTPC accounted for 28.51% of the total power generation in India. Your Company has made an impressive contribution of Rs.57,009.7 million to the Central Exchequer.

In the year 2008-09, your Company is striving to put capacity of 3,000 MW under commercial generation, the highest for any single year so far for the Company. Capacity addition is on course. Currently 16,680 MW is under construction. We plan to place orders for 11,000 MW during 2008-09. We plan to commence coal production from the Pakri-Barwadih mines in 2008-09.

Your Company's performance in the stock market has been steady and robust amid the fluctuations and shareholder wealth has increased over three times in a period of nearly three and a half years since its IPO in October 2004 till the end of the March 2008. Our investor base has crossed the number of 1 million shareholders, indicating that your confidence in our Company is continuously rising.

The tremendous power appetite of the country – whetted by economic growth, rising living standards and requirements of a huge population – translates into abundant growth opportunities for NTPC. Your Company is ready with strategies and targets both short-term and long-term, to leverage its resources and strengths to exploit the growth opportunities.

We plan to become 50,000 MW Plus by 2012 and 75,000 MW Plus by 2017. This works out to 10.4% CAGR up to 2017 whereas the national CAGR works out to 8.5% based on the power requirement data in the Integrated Energy Policy of the Planning Commission.

In order to secure inputs for the growth plans of your Company, we are pushing our coal mining activities forward; we have entered into joint ventures for equipment manufacturing and EPC and we are exploring good project sites. In order to help in meeting the huge skilled manpower requirement of the sector, we are developing or adopting technology training institutes.

In order to secure fuel resources, we are exploring opportunities for coal and gas supplies from countries like Indonesia, Mozambique and Nigeria.

Your Company has plans to increase its global presence. In Sri Lanka, the site for setting up Company's first power station abroad in joint venture with Ceylon Electricity Board has been finalized. The power plant is scheduled to become operational by 2012.

Your Company is revising its long-term Corporate Plan and has decided to chalk out a new Corporate Plan for the time horizon 2007 to 2027. Continuous efficiency improvement, through technological initiatives and upgradation and promoting environmentally sustainable power development, have always been high on the management's agenda and action-plan. Our change management initiatives with intensification of IT enablement and use of ERP are underway.

We expect greater infusion of competition and other free-market features in the sector and our strategies are aimed at continuous improvement in our performance through technological initiatives and upgradation, modernization, adoption of best practices and global benchmarking. We are scaling up our R&D activities and are giving stronger thrust to research on sustainable power development. We believe that the power market and the regulatory regime will incentivise efficiency and our business plans are firmed up accordingly.

Our generation per employee and other productivity indices per employee have been continuously improving. The rising manpower productivity in NTPC will mean less number of people, generating more power and building more projects. NTPC has been consistently rated among the best employers and among the best places to work for in the most prestigious surveys.

Our focus on people, our emphasis on transparency, fairness and sound governance, our demonstrated concern for the socio-economic support and improvement of communities in the vicinity of our Units and also in other parts of the country have contributed to generating invaluable goodwill for your Company. We are stepping up our engagement with all stakeholders in order to strengthen sustainable bonds of development, growth and trust.

Your Company is imparting strong thrust on corporate social responsibility. We are setting up a large number of Distributed Generation Units at remote un-electrified villages. These small Units have brought about transformational socio-economic change in these villages. Participation of the local community and use of locally available renewable energy sources have been instrumental in the success of these projects. We are making substantial contribution to rural electrification through our active participation in Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) of the Government of India. In order to contribute towards augmenting availability of skilled manpower in the sector, your Company is adopting and upgrading Industrial Training Institutes (ITIs) and is setting up new ITIs near its units.

With its performance oriented culture and its focus on ensuring the highest standards of governance and overall excellence, your Company's efforts aim at maximising the returns to its stakeholders.

With best wishes,

Yours sincerely,



(R.S. Shama)

Chairman & Managing Director