

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 33rd Annual Report and the audited accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

Rs. Million

Income	2008-09	2007-08
Sale of Energy	417,913	369,462
Consultancy	1,325	1,039
Other income (Including energy internally consumed)	33,320	29,612
Total Income	452,558	400,113
Expenditure		
Fuel	271,107	220,202
Employees Remuneration & Benefits	24,631	18,960
Generation, Administration & other expenses	18,192	16,284
Interest	12,750	10,312
Finance charges	7,479	7,669
Depreciation	23,645	21,385
Total Expenditure	357,804	294,812
Profit before tax, provisions and prior period adjustments	94,754	105,301
Tax	11,582	28,401
Profit after tax but before provisions and prior period adjustments	83,172	76,900
Less:		
Prior Period Adjustments (Net)	1,083	2,745
Provisions (Net)	76	7
Net Profit after tax	82,013	74,148
Appropriations:		
	2008-09	2007-08
Transfer to Bonds Redemption Reserve	4,537	3,822
Interim Dividend	23,087	22,263
Proposed Dividend	6,596	6,596
Tax on Dividend	5,017	4,905
Transfer to General Reserve	44,000	39,000
Transfer to Capital Reserve	86	*

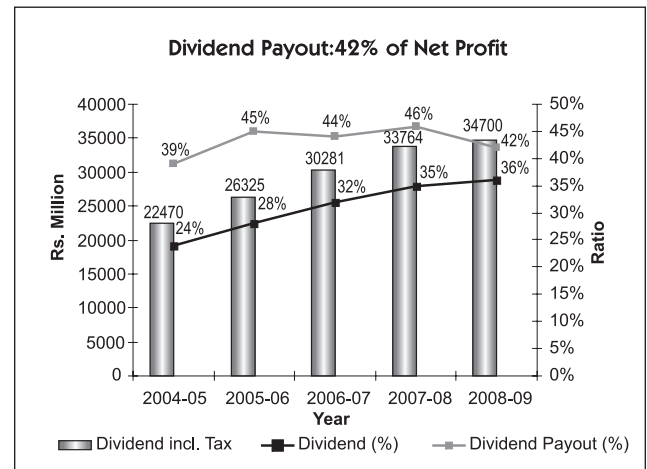
*Rs. 12,723/-

FINANCIAL PERFORMANCE

The total income of the company for the year increased by 13.11% to Rs.452,558 million from Rs.400,113 million during the previous year. The profit after tax but before provisions and prior period adjustments increased by 8.16% to Rs.83,172 million from Rs.76,900 million. Net profit after tax increased to Rs.82,013 million from Rs.74,148 million registering a growth of 10.61% over last year.

DIVIDEND

In addition to interim dividend of Rs.2.80 per share paid in February 2009, your Directors have recommended a final dividend of Rs.0.80 per share for the year 2008-09. The total dividend for the year is Rs.3.60 per share as against Rs.3.50 per share paid last year. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounting to Rs. 29,683 million represents 36.19 % of the profits after tax. The total dividend payout including tax accounts for 42.31% of profit after tax. The dividend has been recommended in accordance with your Company's policy of balancing dividend pay-out 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.



OPERATIONAL PERFORMANCE

During the year, the power stations of your Company generated 206.939 BU of electricity which was 28.60% of the total power generated in India with a share of 18.82% in the total installed capacity of the country. The power



generated by the company has registered an increase of 3.03% over the previous year's generation of 200.863 BU. Your Company contributed 31.4% of the generation increase in the country during the year. The coal based stations of your company operated at a Plant Load Factor (PLF) of 91.14% (National PLF 77.19%) and an all time high Availability Factor of 92.47% at bar during the year. Your Company has an installed coal based capacity of 23,895 MW comprising 79 units with average fleet age of 18 years. During the year, 10 coal based stations out of 15 achieved more than 90% PLF including four stations registering above 95% PLF. This included Talcher Thermal Power Station having an average age of 36 years, achieving 92.7% PLF. Further, another station, National Capital Thermal Power Station, Dadri achieved an all time high PLF of 99.4%. However, the gas stations having a capacity of 3955 MW, operated at a PLF of 67.01% as against 68.14% last year due to reduced availability of gas. The average availability for gas based stations for the year was 86.65% as compared to 85.93% during previous year.

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.

COMMERCIAL PERFORMANCE

During the year, your Company realized 100% payment of current bills raised for sale of power. All the beneficiaries are paying within 30 days of billing except the states of UP and J&K which are making payment in permissible 60 days period. Rebate scheme of providing incentive for early payment based on provisional bill has helped in achieving early realization of dues. This has resulted in realization of nearly 66% of the energy bill within a week of presentation of the bill for the month.

All the beneficiaries have established and are maintaining Letters of Credit (LC) to the extent of 105% of monthly billing. As on date, your Company has LCs of Rs.33,679 million. 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.

Your Company had signed Power Purchase Agreements (PPAs) with 24 beneficiaries for new projects of 5820 MW capacity during the year. Payment Security Mechanism (PSM) by way of Tripartite Agreements (TPA) amongst respective State Governments, Central Government and Reserve Bank of India are in place upto 2016. In order to ensure PSM beyond 2016, bilateral agreements having escrow arrangement have been signed with most of the state utilities.

The following units were declared commercial during the year adding 2000 MW to commercial capacity of your Company:

Project/ Unit	Capacity (MW)	COD
Sipat Stage-II(1st Unit)	500	20.06.08
Sipat Stage-II (2nd Unit)	500	01.01.09
Kahalagaon Stage-II (1st Unit)	500	01.08.08
Kahalagaon Stage-II (2nd Unit)	500	30.12.08
Total	2000	

COD- Commercial Operation Date

The above increase in commercial capacity was the highest in last 14 years.

For further strengthening relationship with customers, your Company rolled out Customer Satisfaction Index (CSI) in all the regions to have feedback from customers and their perception about the Company.

On January 19, 2009, Central Electricity Regulatory Commission issued Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 applicable for a period of five years unless reviewed earlier or extended by the Commission. The same are discussed in "Management Discussion and Analysis", Annexure-I included as a separate section to this report.

INSTALLED CAPACITY

Your company has surpassed 30,000 MW mark. During the year, your Company has added 1,000 MW capacity detailed as under:

	Description	Date of Commissioning	MW
1	Sipat-II	13.08.08	500
2	Bhilai expansion JV with SAIL	20.04.08 28.03.09	250 250
	Total		1000

The total installed capacity of the NTPC Group has increased from 29,144 MW to 30,144 MW at the end of the year. With the commissioning of unit 7 of Kahagaon Super thermal Project on June 28, 2009, the installed capacity of your Company is 30,644 MW as detailed below:

Owned by NTPC	MW
Coal based projects	24,395
Gas based projects	3,955
Sub-total	28,350
Joint ventures	
NSPCL (Coal)-JV with SAIL	814
RGPP (Gas)-JV with GAIL, MSED and Indian Financial Institutions	1480
Sub-total	2,294
Total	30,644

CAPACITY ADDITION PROGRAM

Towards its aim of empowering India's growth, your Company has embarked upon an ambitious capacity addition program so as to be a 50,000 MW company by the year 2012 and to have an installed capacity of 75,000 MW plus by 2017. Your company has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, brown field expansions, joint ventures and acquisitions.

Projects planned

Projects having an aggregate capacity of 17,930 MW including 4,000 MW undertaken by JV companies are under various stages of construction. Further, during the year, Feasibility Reports have been finalized for a total capacity of 4,350 MW consisting of Solapur STPP (2x660MW), Tanda Stage-II (2x660MW), Meja STPP (2x660MW, under JV Company) and Muzaffarpur TPS (2x195MW, under JV Company).

A list of projects under construction is furnished below:

Name of the Project	Capacity (MW)
Project under NTPC Ltd	
A. Coal Based-Ongoing Projects	
1. Sipat-I	1980
2. Barh-I	1980
3. Korba-III	500
4. NCTPP-II, Dadri	980
5. Farakka-III	500
6. Simhadri-II	1000
7. Bongaigaon	750
8. Mauda	1000
9. Barh-II	1320
10. Rihand-III	1000
11. Vindhyachal-IV	1000
Sub Total (A)	12010
B. Hydro Electric Power Projects (HEPP)-Ongoing	
12. Koldam	800
13. Loharinag Pala	600
14. Tapovan Vishnugad	520
Sub Total(B)	1920
C. Projects with Subsidiaries/JVs	
Grand Total (A)+(B)+(C)	17930

Details of units planned to be commissioned during 2009-10 are as under:

	Description	MW
1	Kahalgaon (Unit 7 of Stage-II)	500*
2	Sipat (Unit 1 & 2 of Stage-I)	1320
3	Dadri (Unit 5 & 6 of Stage-II)	980
4	Korba (Unit 7 of Stage-III)	500
	Total	3300

* commissioned on 28.06.2009

Your Company is also identifying new sites for setting up of power projects during XII Plan and beyond. These projects would be added to the plans after project viability is established.

During the year 2008-09, investment amounting to Rs. 121,458 million was approved for 2 projects namely Rihand Stage-III and Vindhyachal-IV each having capacity of 1000 MW.

Capacity addition through Subsidiaries and Joint Ventures (JVs)

By leveraging its project execution strength, your Company is setting up about 18% of the capacity addition during XI plan with JV partners giving them a better dispensation in terms of allocation of power, resulting in a 'win-win' situation for both. Four projects having a total capacity of 4,500 MW are planned to be commissioned to add benefits during XI plan. Out of this, during the year 2008-09, two units, each of 250 MW of Bhilai expansion power project of NTPC SAIL Power Company Private Limited (NSPCL) have been commissioned and the balance 4000 MW is under construction. The details of NTPC Group of companies engaged in the task of setting up power projects during XI plan are as under:

Name of Company	JV Partner	Details
NSPCL (NTPC-SAIL Power Supply Co. Ltd.)	Steel Authority of India Limited (SAIL)	Equity contribution of 50:50 by NTPC Ltd and SAIL (2x250 MW commissioned)
NTECL (NTPC Tamil Nadu Energy Company Ltd.)	Tamil Nadu Electricity Board (TNEB)	A 50:50 Joint Venture Company of NTPC Ltd. and TNEB for setting up coal based power project having 2 units of 500 MW each at Vallur, Tamil Nadu. In addition investment approval accorded for setting up another unit of 500 MW.



APCPL (Aravali Power Company Private Ltd)	Indraprastha Power Generation Co. Ltd. (IPGCL) and Haryana Power Generation Co. Ltd. (HPGCL).	Equity contribution in the ratio of 50:25:25 by NTPC, IPGCL and HPGCL respectively for setting up coal based power project having 3 units of 500 MW each at Jhajjar, Haryana.
Bhartiya Rail Bijlee Company Limited	Ministry of Railways, GOI	Equity contribution in the ratio of 74:26 by NTPC and Ministry of Railways for setting up coal based power project having 4 units of 250 MW each at Nabinagar, Bihar.

In addition to the above projects, your Company has formed following Joint Venture Companies to add another 3,690 MW. The units of two of these projects are likely to be ordered under bulk supply tender.

Company	Location/Project
Meja Urja Nigam Pvt. Ltd.	Equity contribution in the ratio of 50:50 by NTPC and Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. for setting up coal based power project having 2 units of 660 MW each at Meja, UP
Nabinagar Power Generating Co Pvt. Ltd.	Equity contribution in the ratio of 50:50 by NTPC and Bihar State Electricity Board for setting up coal based power project having 3 units of 660 MW each at Nabinagar, Bihar.
Kanti Bijlee Utpadan Nigam Limited	Equity contribution in the ratio of 51:49 by NTPC and Bihar State Electricity Board for setting up coal based power project having 2 units of 195 MW each at Muzaffarpur, Bihar.

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.

At present, hydroelectric projects of 1920 MW consisting of Koldam (4x200 MW), Loharinag Pala (4x150 MW) and Tapovan Vishnugad (4x130 MW) are under advanced stage of construction. Another hydroelectric power project namely Rupsiabagar-Khasiabara HEPP having 3 units of 87 MW to be set up in the state of Uttarakhand has already received Techno

Economic Clearance by Central Electricity Authority (CEA). This project has also been accorded approval of Ministry of Environment and Forests (MoEF). Further, a Memorandum of Agreement has been signed with State Govt. of Mizoram for implementation of Kolodyne HEPP (4x115 MW). Detailed Project Report for the same is under updation.

Your Company is also setting up the following hydroelectric generation capacity through its wholly owned subsidiary NTPC Hydro Limited (NHL), set up to undertake development of small hydro projects having capacity upto 250 MW.

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

The techno economic clearance of CEA and environmental clearance of MoEF have been obtained for both these projects. The land for Lata Tapovan HEPP and Rammam-III HEPP has been acquired. Infrastructure development activities are under progress at these projects. Both the projects are scheduled to be commissioned during XII plan.

Your Company has signed an MOU with Nuclear Power Corporation of India Limited for setting up nuclear power projects.

For a greener tomorrow, your Company has signed an MOU with Karnataka Power Corporation Ltd. (KPCL) for developing 500 MW Wind Energy Farm in Karnataka. Further, a Joint Venture Agreement with Asian Development Bank and Kyushu Electric Power Company Inc. for setting up power generation facility through Renewable Energy Sources (RES) is under finalization.

By the end of XII Plan period, the power generation portfolio of your Company will have a diversified fuel mix with about 53,000 MW of coal based capacity, 10,000 MW through gas, 9,000 MW through Hydro, 2,000 MW from nuclear generation and around 1,000 MW from RES. Thus by the year 2017, the share of coal based projects in the Group's total installed capacity will reduce from the present 82% to around 71%. The share of hydro electric projects, nuclear projects and projects based on renewables is likely to be 12%, 3% and 1% respectively by the year 2017.

STRATEGIC DIVERSIFICATION- INCREASING SELF-RELIANCE

Your Company is continuously looking for opportunities in the related business areas such as coal mining, LNG Value Chain, manufacturing activities, power trading, distribution, etc. in its endeavour to become "an integrated power major". Your Company is firmly on its course to add manufacturing capacity through strategic alliances.

NTPC-BHEL Power Projects Pvt. Limited (NBPPL), a joint venture of your Company with BHEL, incorporated on 28.04.2008, has commenced operations. CMD and two full time directors and two part time directors are in place. Implementation of Singrauli STPS Stage-III has been assigned in principle to this company on EPC contract basis. Further, BHEL has issued a Letter of Intent to NBPPL for taking up EPC contract for Balance of Plant equipment at Palatana CCPP having a capacity of 726.6 MW in the state of Tripura.

Another joint venture Company, BF-NTPC Energy Systems Limited was incorporated with Bharat Forge Limited on 19.06.2008 to take up manufacturing of castings, forgings, fittings and high pressure piping required for power projects and other industries. A consultant is to be appointed shortly for preparation of Business plans for this Company.

Consequent upon signing of a Business Collaboration and Shareholders agreement with Transformers and Electricals Kerala Ltd. (TELK) and the Government of Kerala for synergy in the field of manufacturing and repair of Power Transformers etc., your Company has acquired 44.6% stake in TELK from Government of Kerala on June 19, 2009.

Your Company has incorporated a joint venture Company under the name "National High Power Test Laboratory Private Limited" with NHPC, Powergrid and DVC for setting up an online high power test laboratory for short circuit testing in the country. This will go a long way in saving time and reducing cost since at present manufacturers and utilities have to send their equipments to overseas testing labs.

Your Company has also signed a Memorandum of Understanding with Hindustan Aeronautics Ltd. (HAL) for preparation of a detailed project report for "Repairs of Hot gas path components in Gas Turbine" which may eventually graduate to manufacturing facility creation for GT components by forward and reverse engineering.

In order to facilitate trading of electrical power including ancillary services, a Joint Venture Company has been incorporated under the name "National Power Exchange Limited" amongst NTPC, NHPC, PFC and TCS. Please refer to "Management Discussion and Analysis", Annexure-I included as a separate section to this report for further details.

GLOBALISATION INITIATIVES

Your Company is continuously scanning business potential that global opportunities offer. A representative office is functioning in Dubai for marketing of its services in Middle East Region. Your Company has received 4 orders in Dubai for carrying out engineering, design and review of sub-stations. It has also completed supervision of erection, testing and commissioning of 800 MW Az-Zour power station in Kuwait.

After identification of site for setting up a 2X250 MW coal based power plant in Trincomalee region, Sri Lanka in Joint Venture with Ceylon Electricity Board, your Company is in the process of finalizing Joint Venture Agreement, Power Purchase Agreement and other definitive agreements. In another international venture proposed to be taken up in Nigeria, pre-feasibility report for setting up the proposed 500 MW coal based and 700 MW gas based power plants has been submitted to Federal Government of Nigeria.

Your Company is exploring the possibility of setting up of new coal power project, taking up Renovation & Modernization of old stations and also sourcing of fuel in Kazakhstan.

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 2008-09, your Company has tied up loans of Rs.115,750 million including a large ticket loan of Rs.100,000 million with Power Finance Corporation Limited. Further, recently, your Company has entered into a loan agreement with State Bank of India for Rs. 85,000 million for part funding of debt requirement in respect of capex for next three years. In addition, loans amounting to Rs. 35,500 million have been tied with other banks to fulfill the debt requirement for next three years.

Bonds amounting to Rs.19,000 million were raised from domestic market for financing the capital expenditure and refinancing of the loans. The latest 10 year bond offering amounting to Rs.7,000 million subscribed at 7.89% per annum bears testimony to the confidence reposed by investors in your Company.

Fixed Deposits

The cumulative deposits received by your Company from 285 depositors as at March 31, 2009 stood at Rs 14 million. Further, an amount of Rs. 5 million has not been claimed on maturity by 57 depositors as on that date.

FUEL SECURITY

In pursuance of New Coal Distribution Policy introduced by Ministry of Coal in October 2007, your Company has signed Long Term Model Coal Supply Agreement with Coal India Limited on May 29, 2009 for supply of coal to its stations.



The Coal Supply Agreement would be for a period of 20 years or till the end of the life of the power stations, whichever is earlier with provisions of joint review of Annual Contracted Quantity (ACQ) after every five years. The agreement provides for guaranteed supply/off-take at 90% of ACQ for determining incentives/penalties, which are like mirror images on either side of the 90% trigger level.

During the financial year 2008-09 your Company received 129.78 Million Tonnes of coal consisting of domestic coal of 124.37 Million Tonnes, about 3.47% higher than the coal received in previous year and imported coal to the tune of 5.41 Million Tonnes, at the stations.

An agreement with State Trading Corporation of India Limited (STC) for supply of 8.25 Million Tonnes (+/-2%) of imported coal was entered into by your Company in 2008-09. Further, to ensure uninterrupted power generation, your Company has decided to import additional 12.5 Million Tonnes of coal during 2009-10.

Your Company has taken initiatives including tie up for additional gas/RLNG in order to augment gas supplies on medium and long term basis. Further, bidding for oil and gas blocks during various rounds of NELP, possible equity stake in foreign oil and gas blocks/LNG terminals etc. are also some of the measures taken by the Company to enhance gas supply security.

GAIL is our main supplier for APM/PMT gas (at APM price fixed by Ministry of Petroleum and Natural Gas) for the gas based stations. Your Company received 10.74 Million Metric Standard Cubic Meters per Day (MMSCMD) of gas during the fiscal 2009 as against 11.76 MMSCMD received in fiscal 2008. This includes 1.99 MMSCMD of spot RLNG received as compared to 2.77 MMSCMD of gas received during previous year. The supplies of APM/PMT gas declined on account of shutdowns at platforms and force majeure at one of the gas fields of PMT. The availability of spot gas was adversely affected on account of capacity constraint at the re-gasification terminal.

Augmenting gas supplies for 2009-10

For meeting the shortfall in gas supplies, your Company is at an advanced stage of finalization of agreement with GAIL for supply of 2.5 MMSCMD of RLNG for a period of 10 years. Under this agreement, the supply of gas is to commence from December'09.

During the first quarter of 2009-10, on an average, over 14 MMSCMD of gas/RLNG has been received in view of improved supplies.

Your Company has entered into medium term agreement for Naphtha supplies for many of its plants with some Oil Marketing Companies. To further enhance fuel security of gas

based stations, increasing the capacity of liquid fuel storage tank is also under consideration at some of our stations.

During fiscal 2009, your Company has strengthened fuel security for its Rajiv Gandhi Combined Cycle Power Project (RGCCPP) by entering into an agreement having enhanced quantity of committed Naphtha supply commensurate with the revised CERC norms of 85% Normative Annual Plant Availability Factor (NAPAF).

Diversifying into Coal Mining

Coal mining is integral to your Company's fuel security strategies. Your Company realizes that greater self reliance on coal will go a long way in ensuring the sustained growth of generation. To give greater thrust to the mining activities, each of the coal blocks allotted to your Company is being undertaken in 'project mode'. The development of PB Coal Mining Project (Pakri-Barwadih Coal Mining Block) is under progress. In addition to approval of mining plan, this project has also received environmental clearance. Mining Area of 1459.4 Acres (Phase I) and 4121.99 Acres (Phase II) has been acquired for your Company by Ministry of Coal (MoC). For acquisition of 1153.32 Acres of Mining Area land (Phase III), notification is under process at MoC.

Coal block development activities are under progress in the remaining four coal mining blocks, namely CB Coal Mining Project (Chatti-Bariatu coal block), KD Coal Mining Project (Kerandari coal block), DL Coal Mining Project (Dulanga coal block) and TL Coal Mining Project (Talaipalli coal block). Mining Plans for CB Coal Mining Project and KD Coal Mining Project have been approved by MoC. Mining Plan for DL Coal Mining Project is under approval. The Environmental clearance(s) for CB Coal Mining Project and KD Coal Mining Project are expected shortly.

These blocks have estimated geological reserves of over 3 Billion Tonnes and production potential of about 48 Million Tonnes Per Annum (MTPA) by 2012. An expenditure of Rs. 250 million was incurred on coal mining during 2008-09.

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 Partner	Purpose
NTPC SCCL Global Ventures Pvt. Ltd., (incorporated on 31.07.2007)	Singareni Collieries Company Ltd.	For undertaking coal mining in India and abroad.
International Coal Ventures Pvt. Ltd., (incorporated on 20.05.2009)	SAIL, CIL, RINL and NMDC	For securing metallurgical coal and thermal coal assets overseas

ICVL is exploring various opportunities in Australia, Mozambique, Canada, Indonesia and USA, etc for acquisition of stake in coking coal and thermal coal mines.

Your Company on its own is proposing acquisitions of stake in coal mines in Indonesia and Mozambique for which due diligence is in progress.

Pursuant to the signing of Memorandum of Understanding for development of Brahmini and Chichro Patsimal coal blocks, a Joint Venture Agreement for development of these blocks is under finalization with Coal India Ltd.(CIL).

Further, a Memorandum of Understanding was entered into with Inland Waterways Authority of India (IWAI) for exploring the feasibility of transportation of imported coal covering entire gamut of economics to Farakka and Kahalgaon projects.

Exploration Activities

Exploration work on a petroleum block awarded under NELP V in Arunachal Pradesh is in full swing. Geological survey, geo microbiological survey, 2D seismic data processing and interpretation and 3D seismic data processing and interpretation have been completed.

BUSINESS EXCELLENCE : GLOBAL BENCHMARKING

As a step towards developing 'Total Quality' culture in the organization, your Company took forward Quality Circle and Professional Circle movement for its employees. These fora provide opportunities to the employees to get together, network and share knowledge and experience on issues of professional interest. There are 800 QC teams and 300 PC teams across the Company creating refreshing learning culture.

With the objective of benchmarking the performance of its units with international units, your Company became a member of North American Electric Reliability Corporation (NERC). NERC has database of more than 5000 units world wide under Generating Availability Data System (GADS). Your Company's coal units of 200 MW and 500 MW capacity were benchmarked with equivalent sized units amongst their peer group. The comparison revealed that 200 MW as well as 500 MW units performed better than the peer group units on parameters of availability, forced outage, planned outage and capacity outage.

RENOVATION & MODERNISATION

Your Company undertakes Renovation & Modernization (R&M) under project mode with focus on feasible and cost effective technology upgrade, efficiency improvements to

bring the old vintage units near to the latest design. It gives an opportunity to leverage the technological advancement which has taken place in the power industry so as to continue economical power generation. It may also help to reduce emission of green house gases and avail Clean Development Mechanism benefits apart from life extension of the plant.

Your company is addressing the issue of ageing of its fleet. Around 36% of our coal based units have logged over 1,50,000 hours of operation. R&M requirement of these units is being taken up on priority with an objective of extending the useful life of the units by around 10-15 years and complying with statutory requirements in terms of increasingly stringent environmental norms. Mid-life R&M intervention is provided to units which have completed more than 1,00,000 hours of operation.

During the year 2008-09, your Company decided to take up investment amounting to Rs.6,086 million in respect of following R&M schemes:

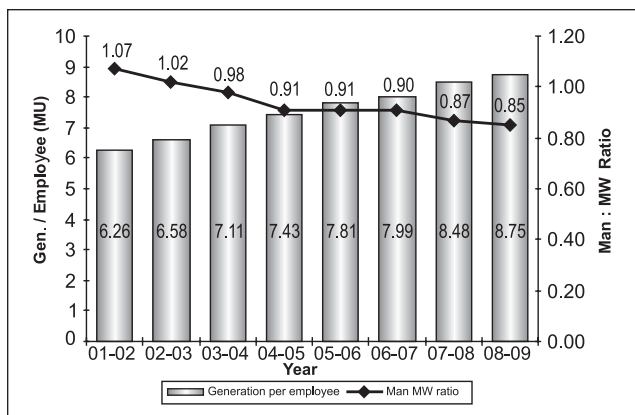
Station	Estimated Cost (Rs Million)
Rihand Super Thermal Power Station (2X500 MW) -Phase-I extension works	545
Korba Super Thermal Power Station (3X500 MW) - Phase-II extension works	673
Auraiya Gas Power Station (652 MW)	4868

INTEGRITY PACT

Your Company is striving to bring more 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. It has been decided that in the first stage, the Integrity Pact is to be implemented for tenders having estimated value \geq Rs.100 million. For tenders having estimated value \geq Rs. 1000 million, Independent External Monitors (IEMs) will be appointed. The relevant bidding documents will henceforth contain the necessary provisions for implementation of Integrity Pact.

HUMAN RESOURCE MANAGEMENT

Your Company takes pride in its highly motivated and competent human resource that has contributed its best to bring the Company to its present stature. The productivity of employees is reflected in the consistent improvement of Man-MW ratio over the years. The over-all Man-MW ratio on 31.3.2009 excluding JV/subsidiary capacity is 0.85 and has improved by 20% over last 7 years. Generation per employee has increased to 8.75 MUs i.e. by 40% over the same period.



The total employee strength of the company stands at 24,713 as on 31.3.2009 against 24,547 as on 31.3.2008.

	Fiscal 2009	Fiscal 2008
NTPC		
Number of employees	23,639	23674
Subsidiaries & Joint Ventures		
Employees of NTPC in Subsidiaries & Joint Ventures	1,074	873
Total employees	24,713	24,547

The attrition rate of the executives during the year was 1.88% as compared to 3.1% in the previous year.

Employee Relations and Safety

During the year, employee relations scenario in your Company continued to be cordial marked by industrial harmony and mutual trust. Continuous interactions take place amongst the management and apex forums of workmen called National Bipartite Committee and with executives forum named NTPC Executive Federation of India . Your Company has effective multi-tier bipartite forums covering areas relating to plants and townships.

Safe methods are practised in all areas of Operations & Maintenance and Construction & Erection activities for the protection of workers against injury and diseases. Occupational safety at workplace is given utmost importance.

Training and Development

Your Company, as part of its endeavour of being a learning organization, has a policy of continuously investing in training and development of not only its own employees but also of all professionals of the power sector. The Company imparts training at its sites as well as at the corporate level in diverse areas including managerial topics, power station operation and maintenance and project construction, erection and commissioning and information technology.

In pursuit of developing manpower in power sector, your Company established a dedicated training institute - Power Management Institute (PMI) at Noida in 1994. Since then PMI has grown into an impressive centre of learning. In the year 2008-09, PMI conducted a total of 310 programmes which were attended by a total of 8513 participants. It also organized a workshop on "Corporate Governance" at Geneva for CEOs and CMDs of many companies from India and abroad. Focused plans are under implementation for installing internet-based on-line training modules and hands-on training through simulator remote terminals for supercritical technology.

INCLUSIVE GROWTH

Your Company is committed to inclusive growth through its Corporate Social Responsibility initiatives.

With a view to improve the employability of the village youth and also to improve availability of skilled manpower around projects, your Company is providing sponsorship to candidates from these villages for ITI training in the trades of welder, fitter, instrument mechanic, electrician etc. Close to 700 village youth have been sponsored during the year 2008-09. Support has been extended for assistance in self reliance for 500 tribal girls/ women in tribal area of Jhamar Kotra in Udaipur Dist. of Rajasthan.

Your Company is adopting 16 ITIs located in the vicinity of its projects under Public Private Partnership/Bilateral Agreement Schemes. Apart from this, your Company will also set up 6 new ITIs. Your Company is also setting up a power training institute at Solapur. To contribute in the field of higher technical education in the country, your Company is also setting up International Institute of Information Technology (IIIT) in Chhattisgarh.

As a measure to contribute towards conservation of selected national monuments, your Company in association with Archaeological Survey of India (ASI), has identified 3 sites for financial support. Your Company was also closely associated in formation of IS:16001:2007 on "Organisational Accountability at the Workplace- Requirements" prepared by Bureau of Indian Standards (BIS). Your Company was also involved in preparation of draft on "ISO 26000 guidance on Social Responsibility and the implications for developing countries" by BIS.

Committed to its social responsibilities, your Company became 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 the 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.

NTPC Foundation

NTPC Foundation is engaged in serving and empowering the physically challenged and economically weaker sections of the society. The Information and Communication Technology (ICT) Centre, set up jointly by NTPC Foundation and University of Delhi enables approximately 1000 physically challenged students to learn IT Skills and help them move along with the mainstream society. The Foundation is also extending similar ICT facilities to the existing blind schools in Lucknow, Ajmer, Thiruvananthapuram and Mysore.

Tanda project has been identified by the Foundation as pilot project for operating District Disability Rehabilitation Centre (DDRC) in collaboration with National Institute for the Orthopedically Handicapped (NIOH), Ministry of Social Justice and Empowerment, Govt. of India.

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) and also undertaking community development activities in and around the projects. Rehabilitation Action Plans are implemented in most of the projects. During 2008-09, Socio-Economic Surveys (SES) were completed for 6 projects including 2 mining projects.

Your Company has formulated "Initial Community Development" (ICD) policy to take up community development activities in greenfield/expansion projects. As a proactive measure, the policy provides for implementation of Community Development activities prior to formulation of Rehabilitation & Resettlement plan.

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 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. Office orders, formats and circulars were issued in Hindi as well. All important advertisements and house journals were released in bilingual form- in Hindi and in English. One Hindi word is being displayed over the intranet daily. Your company's website also has a facility of operating in bilingual form- in Hindi as well as in English.

SUSTAINABLE ENERGY DEVELOPMENT

Your Company has adopted the following vision statement on sustainable energy development:

"Going Higher on **G**eneration, lowering **GHG** intensity"

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

A memorandum of understanding has been signed with Swiss Agency for Development and Cooperation (SDC) to formulate a long term strategy for technology up-gradation and implementation of Renewable Energy and Distributed Generation projects.

Your Company has already commissioned 10 Decentralized Distributed Generation projects, out of which 5 projects are in Uttar Pradesh, 4 in Chattisgarh and 1 in Rajasthan.

A pilot scale Bio-methanation Plant has been set up at Faridabad in order to convert the waste into useful energy and bio-fertilizer.

NETRA-Thrust on development of Green Power

In order to bring synergy between Energy Technologies department and Research & Development department and integrate their efforts and resources to enable quick maturing of research projects into a deployable technology, these departments were merged to form NTPC Energy Technology Research Alliance (NETRA). NETRA is envisioned as a state-of-the-art centre for research, technology development and scientific services in the domain of electric power to enable seamless work flow right from concept to commissioning. NETRA complex is the first ECBC (Energy Conservation Building Code) compliant building in NTPC.

NETRA's laboratories are ISO 17025 accredited and provide high end scientific services to all the Company's stations as well as many outside stations resulting in improved availability and reliability of stations by providing condition assessment, failure analysis, by solving and analyzing specific problems, and helping our stations in increasing the availability and reliability of their units. It is also providing consultancy to Fujairah Combined cycle Gas and Water Plant, UAE.

NETRA has filed 12 patent applications for various activities like assessment of high voltage transformers, fly ash based utensil cleaning powder, CO₂ capturing Zeolites from flue gas; etc. It focuses on developing cutting edge technologies by carrying out applied research which will manifest into cost reduction and environment protection. Collaborative research work is being carried out with other premier academic institutions and labs under 12 research projects.

NETRA is continuously taking initiatives to develop technologies for reducing forced outages, installing smart intelligent systems for online monitoring of critical components, understanding the likely damages due to corrosion and providing appropriate solutions, etc. With prime thrust on clean and economic power generation, efforts are being made to reduce cost of generation by either increasing the overhaul cycle or reducing overhaul duration



through correct and proper health assessment of critical components; developing diagnostic tools and ensuring environmental & safety compliances.

Towards green power development, NETRA has taken up projects for Solar Heating, Ventilation and Air Conditioning (HVAC), solar experimental power plant and Flue Gas Heat Recovery. It is poised to take up collaborative research for biological fixation of carbon dioxide through marine micro algae. In order to improve efficiency through low grade heat recovery, liquid ammonia binary cycle is under development through collaborative research.

Environment Management

Your Company has adopted advanced and high efficiency technologies such as super critical boilers for the up-coming greenfield projects. The company is also supplementing the high ash Indian coal with washed / beneficiated coal and imported low ash coal in its operating plants. Presently, good quality coal is imported forming around 5%-8% of total coal feed. This also helps in conservation of precious domestic natural resources.

All plants are provided with High efficiency Electro-static Precipitators (ESPs) with efficiency of the order of 99.9% or higher and advanced control systems to keep Suspended Particulate Matter (SPM) for outlet dust burden of below 100 mg/Nm³. Flue Gas Conditioning (FGC) system has also been provided at our old Units which are helping in reduction of SPM emissions below statutory limits as and when coal quality is deteriorating. Flue Gas De-sulphurising (FGD) technology is being taken up for the first time in the country at the coal based power plant (3X250MW) at Bongaigaon in Assam. This project is expected to be operational during XI Plan.

In the area of water management, your Company has implemented the concept of 3Rs - Reduce, Recycle & Re-use in its power stations. Provision of advanced treatment facilities in its Liquid Waste Treatment Plants (LWTP), installation of recycling systems for ash pond effluent called Ash Water Recirculation System (AWRS) and installation / operation of closed cycle condenser cooling water systems with higher Cycle of Concentration (COC) are some of the measures implemented in most of our stations. With implementation of improved cooling water treatment system, your Company has achieved operating COC of 4.5 to 5.0 against design COC of 1.65 to 2.0 at gas based combined cycle power plants at Kawas and Gandhar. This has resulted in considerable reduction in fresh water intake of the order of 20% to 30% and reduction in effluent discharge from the power plants.

Ash dykes have been engineered to ensure that all safety and environmental issues are addressed at design stage itself. Multi-lagoon ash ponds with provision of over flow lagoons and 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.

61 continuous Ambient Air Quality Monitoring System (AAQMS) are presently under final stage of commissioning at 20 stations located all over India in order to monitor key environmental parameters of stack emissions, ambient air and effluents. Online CO₂ monitoring equipments are being installed at all the new projects starting from Barh STPP Stage-I.

The Company has been undertaking Afforestation, covering vast areas of land in and around its projects and till date has planted more than 18.50 million trees throughout the country which has not only contributed to the aesthetics but has also been serving as a carbon sink for our stations and nearby industries.

As a result of pursuing sound environment management systems and practices, all NTPC stations have been certified with ISO 14001 and OHSAS 18001 by reputed National and International certifying agencies.

Clean Development Mechanism (CDM)

Your Company has decided to set aside 1% of its distributable profit for research and development including 0.5% for research activities related to 'clean coal' and climate change initiatives.

The consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using less GHG intensive technology prepared by your Company for Super Critical Technology has been approved by "United Nations Frame Work Convention on Climate Change (UNFCCC)" under 'Approved Consolidated Methodology 13'. This is a path breaking development for entire power sector.

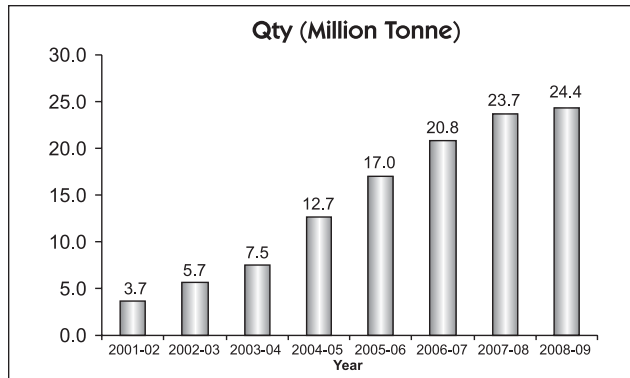
Host country approval has already been accorded by National CDM Authority for three projects viz. North Karanpura STPP, Tapovan Vishnugad HEPP and Loharinag Pala HEPP. Super critical units at Barh STPP Stage-II and many other projects are in the pipeline for host country approval. These endeavors shall help in getting/earning "Certified Emission Reduction" and will facilitate development of advanced energy efficient technologies.

Your Company is amongst the cleanest fossil fuel based power generators in the world with its CO₂ intensity of power generation comparable with the best.

Ash Utilisation

During the year 2008-09, about 24.4 million tonne of ash has been utilized for various productive purposes which is 56.7% of the total ash generation against MoU target of 55%. Over the last 7 years, Ash utilization as a percentage of total ash generation has increased by more than 5 times.

Important areas of ash utilization are- manufacturing cement, concrete, ash based products, asbestos sheets, construction of road embankment, ash dyke raising, mine filling and land development. Issue of fly ash to cement and concrete industry this year has been 10 Million Tonnes, about 15% more than last year's issue.



Your Company has pilot ash brick manufacturing plants at all NTPC coal based stations. The bricks have been utilized for construction activities including green field projects and townships within NTPC. Farmers are being made aware of the use of ash in fields.

About 1.14 Million Tonnes of ash from Talcher-Thermal has been successfully used for reclamation of abandoned coal mine of South Balanda of MCL in Orissa. So far 3.64 Million Tonnes of ash has been used in this mine. MoC is associated for pilot project of random filling of ash with overburden of an operating mine.

Your Company has signed an MoU with Research Designs & Standards Organization (RDSO), Lucknow to explore use of ash in Railway embankments.

CenPEEP- Thrust on efficiency

Center for Power Efficiency and Environmental Protection (CenPEEP), set up with technical assistance of USAID/USDOE is a symbol of your Company's commitment towards green house gas (GHG) reduction and an example of successful international cooperation. Various state-of-the-art technologies and practices for improvement in efficiency and maintenance have been demonstrated in local conditions and disseminated to power stations through hands-on-training, guidelines and workshops.

Efficiency Management System (EMS) has been implemented at all stations to focus on periodic performance evaluation, analysis and development of action plans for performance restoration. 'Low cost high benefit' technologies, systems and tools have been introduced such as thermodynamic model studies, high accuracy instruments alongwith portable DAS condenser tube cleaning systems, helium leak detection, infrared and acoustics based diagnostic tools etc.

CenPEEP's capabilities and efforts have been recognized by public and private organisations. Government of India identified CenPEEP to support demonstration of best practices in some of the state generating companies under Asia Pacific Partnership (APP) on clean development and climate. During these demonstrations, substantial potential

for CO₂ reduction was identified. For its efforts on GHG reduction in power sector, Council of Power Utilities has conferred 'India Power Award 2008' upon CenPEEP-NTPC.

International cooperation for climate change has been expanded with signing of an agreement between Ministry of Power, NTPC Ltd. and Japan International Agency for Cooperation (JICA) to undertake a 'Study on enhancing Efficiency of Operating Thermal Power Plants in NTPC-India'. The study will identify areas for efficiency enhancement in selected coal-fired power plants of your Company with support from JICA study team comprising experts from a consortium of three Japanese utilities namely Electric Power Development Co, Kyushu Electric Power Co. and The Chugoku Electric Power Co.

MANAGEMENT OF CHANGE

Your Company has taken several initiatives to improve business processes, promote innovation and leverage information & communication technology for over-all productivity enhancement.

Implementation of ERP

Your Company believes in keeping pace with latest technology and acquiring the latest know-how, in line with its growth and diversification plans. Enterprise Resource Planning (ERP) has been implemented at all NTPC projects as well as at its subsidiaries. Besides the implementation of Employee Self Service (ESS) functionality, Core Business processes such as Finance, HR, Material, e-procurement, Knowledge Management (KM), Business Intelligence (BI), Document Management, and Workflow etc. have also been implemented.

A state-of-the-art Data Centre with centralized ERP Servers has been set up at NOIDA for the entire Company. The Disaster Recovery site is planned to be setup at Hyderabad. Dedicated Multi Protocol Label Switching-Virtual Private Network (MPLS/VPN) for ERP from BSNL has been made operational to cover 48 locations.

Promoting Innovation for productivity enhancement

IPON (Idea Portal of NTPC), a web based platform has been created for receiving the suggestions from employees for improving performance, productivity and growth of the organization

Using Information and Communication technology for productivity enhancement

Your Company has already implemented video-conferencing at all its plant locations and at number of its subsidiaries, which is being used extensively for Management Committee meetings and Projects Monitoring on regular basis. A web based monitoring system has been implemented at NCTPP, Dadri on a pilot basis. For NCTPP Stage-II which is under construction, this system has integrated the major suppliers and monitors more than



30,000 activities on a real time basis. This system is planned to be rolled out at some other projects in future.

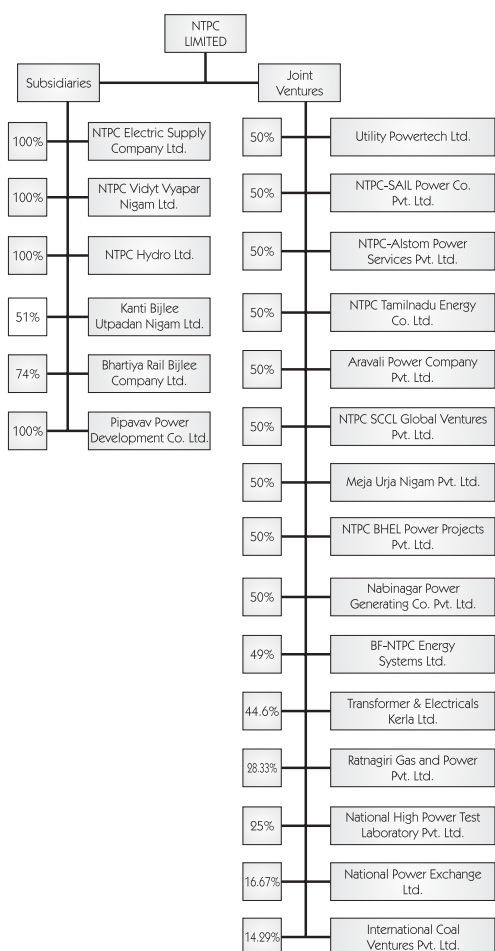
CONTRIBUTION TO THE SECTOR

Government of India reposes confidence in your Company's abilities in implementing plans and projects. Under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), Ministry of Power has given your Company, the responsibility of electrification of approximately 38500 villages in 6 States and one Union Territory. During the year 2008-09, more than 4000 villages were electrified and electricity connections were provided to 1.68 lac below Poverty Line households. Consultancy services were provided for R&M/ Life Extension of 2x110 MW units of Barauni Thermal Power Station in Bihar and 5X200 MW units of Obra Thermal Power State in U.P.

Your Company has provided training to state utilities' personnel at PMI and technical and managerial services were provided to the State Utilities.

NTPC GROUP : JOINT VENTURES AND SUBSIDIARIES

Your Company has formed 15 joint venture companies and 6 subsidiary companies for undertaking specific business activities. The names of these 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.

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 2008-09	IX
Presidential Directives	X

STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s Varma & Varma, B.C. Jain & Co., Parakh & Co., S.K. Mittal & Co., Dass Gupta & Associates and S.K. Mehta & Co. were appointed as Joint Statutory Auditors for the financial year 2008-09.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

The Statutory Auditors of the Company have given an unqualified report on the accounts of the Company for the Financial Year 2008-09.

REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA

As advised by the office of The Comptroller & Auditor

