

## NTPC SURGES AHEAD, SETS NEW RECORDS

NTPC has recorded highest ever growth in its history in 2011-12 and operates its units with high levels of capacity utilization and reliability. The company's robust growth has translated into sound financials and its prudent management has ensured that the fundamentals of the company remain strong and are leveraged for further growth and higher returns. Today, NTPC is # 1 Independent Power Producer in the world in 2011 by Platts, a part of the prestigious McGraw Hill Group, in its top 250 Global Energy Companies ranking.

### **Highlights**

- Current installed capacity of 39174 MW
- 2,820 MW commissioned in 2011-12, the highest ever in a single year, surpassing the previous year's capacity addition record of 2,490 MW.
- 9,610 MW added during 11th Plan period ending March 2012, exceeding the Plan target of 9220 MW.
- Highest ever capex of Rs. 15,994 crore in 2011-12 with group capex of Rs.19,973 crore.
- 2,160 MW already added in the first quarter of 2012-13.
- 6,870 MW added in the past two years which is almost 20 per cent of the total capacity added since inception of NTPC.
- Three 660 MW Super Critical Units commissioned and declared commercial at Sipat, the higher efficiency reduces CO<sub>2</sub> emissions substantially.
- 7,041 MW of work awarded since January 2012.
- 16,809 MW under construction.

<b>Projects under construction</b>	<b>Capacity (MW)</b>
<b>A. <u>Coal Based</u></b>	
Barh-I	1980
Bongaigaon-I	750
Mouda-I	500
Barh-II	1320
Rihand-III	500
Vindhyachal-IV	500

Kudgi	2400
Solapur	1320
Mouda-II	1320
Vindhyachal-V	500
Total (A)	11090
<b>B. <u>Hydro Electric Power Projects (HEPP)</u></b>	
Koldam	800
Tapovan Vishnugad	520
Lata Tapovan	171
Total (B)	1491
<b>C. <u>Renewable Projects</u></b>	
Singrauli CW HEPP	8
Dadri Solar PV	5
Andaman Solar PV	5
Total (C)	18
<b>Total (A)+(B)+(C)</b>	<b>12569</b>
<b>D. <u>Project under JVs</u></b>	
Jhajjar-JV with HPGCL & IPGCL	500
Vallur – JV with TNEB	1000
Nabinagar – JV with Railways	1000
Muzaffarpur Expansion (MTPS) – JV with BSEB	390
Meja (JV with UPRVUNL)	1320
Total (D)	4210
<b>Total On-going Projects as on 20.09.2012 (A+B+C+D)</b>	<b>16809</b>

## **Strong operational performance amid challenges**

NTPC is presently operating one of the largest fleets in the world consisting of 120 units (only NTPC units) on commercial operation, with high levels of capacity utilization and reliability. Some of the operational highlights of 2011-12 are:

- 6 out of 15 coal stations had Plant Load Factor (PLF) of over 90 per cent.
- 27.4 per cent share of NTPC group in total power generated in India, thus maintaining leadership position in the power sector.
- 85 per cent PLF achieved by the coal based stations as against the national average of 73.32 per cent.
- 89.5 per cent Availability Factor(on bar).

## **Sound financials**

NTPC's robust growth and operational excellence translate into sound financials. Some of the financial highlights for the year 2011-12 are:

- Total revenue crossed Rs. 60,000 crore reaching Rs. 64,830.65 crore, an increase of about 13 per cent over 2010-11.
- The net profit increased and stood at Rs. 9,223.73 crore.
- Highest ever dividend of 40 per cent.
- Ranked 5<sup>th</sup> among all the listed Companies in terms of PAT for 2011-12.
- Resounding success in raising USD 500 million from the international bond market which was oversubscribed more than 5 times with participation of over 200 investors, indicating robust confidence among the international investors.
- NIL comments in the CAG Audit of your Company's account for 3 years in succession, underlining the sound financial and accounting practices being adopted

## **The momentum continues in 2012-13**

Some of the highlights of the first quarter of year 2012-13 as compared with the corresponding quarter of the year 2011-12 are:

- Commissioned 2,160 MW capacity (NTPC Group).
- Generation growth has been 7.80 per cent as against all India growth of 6.40 per cent.
- Total revenue increased by 11 per cent to Rs 16,845 crore.
- Profit After Tax increased by 20 per cent to Rs 2,499 crore.
- Capex increased by 83 per cent to Rs 3,978 crore.

During the year 2012-13, NTPC Group has declared 2,320 MW capacity on commercial operation, so far.

## **Fuel Security**

## A. Fuel Supply Scenario

Source	2012-13 [Apr-Aug.'12]	2012-13 [1 <sup>st</sup> Qtr : Apr- Jun.'12]	2011-12	2012-13 Requirement
<b>Coal [Million Metric Tonne]</b>				
Domestic	55.41	33.79	128.99	
Imported	3.94	2.77	12.00	
<b>Total</b>	<b>59.35</b> <i>[Eq. domestic Coal: 61.33]</i>	<b>36.56</b> <i>[Eq. domestic Coal: 37.94]</i>	<b>140.99</b> <i>[Eq. domestic Coal: 146.98]</i>	<b>164.00</b>
<b>Gas [Million Metric Standard Cubic Meter per Day]</b>				
APM+PMT+Non APM	8.96	9.27	8.84	
Long term / Fallback / Spot RLNG	2.54	2.60	2.35	
KG-D6	1.07	1.21	1.90	
<b>Total</b>	<b>12.57</b>	<b>13.08</b>	<b>13.09</b>	<b>17.35</b>

## B. Status of imported coal

- 16 MMT of imported coal required in 2012-13
- Contract awarded for import of 4.4 MMT of coal in Feb.2012. Out of this, 4.26 MMT of imported coal received. Balance 0.14 MMT yet to be received.
- 3.94 MMT of imported coal received in 2012-13.
- Contract awarded for 3.5 MMT in August 2012 and 1.5 MMT is under tendering process.

## C. Coal Mining

- Working on captive coal mines Pakri Barwadih, Chatti Bariatu, Chatti Bariatu (South), Kerandari, Dulanga and Talaipalli with total geological reserves of over 3 billion tonnes.
- NTPC plans to mine around 37 MTPA by 2017 from the five blocks allocated. For development of coal blocks, cumulative expenditure of Rs. 879.81 crore has been incurred till Q1/2012-13.
- Mine Developer-cum-Operator(MDO) appointed for Pakri-Barwadih and Talaipalli Coal mining blocks.
- Ministry of Coal, vide letter dated 27.01.2012, conveyed in-principle withdrawal of de-allocation of NTPC's Chatti Bariatu, Kerandari & Chatti-Bariatu (South) coal blocks. NTPC had submitted coal block development schedule to Ministry of Coal on 06.02.2012. However, formal withdrawal of de-allocation is yet to be issued.

## **The challenges and NTPC's initiatives**

Some of the key concerns which have emerged during interactions with stakeholders are:

- i) Perception of slow capacity addition in the sector.
- ii) Inadequate fuel supply.
- iii) Financial status of the state utilities.
- iv) Tariff revisions and distribution reforms.
- v) Delay in land acquisition and environmental clearances.

Steps taken to overcome these challenges:

- i) Bulk tendering to step up capacity addition. This has also helped in enhancing the capability of equipment manufacturing in the country through induction of leading global manufacturers to set up manufacturing units in India along with their domestic JV partners.
- ii) Pre qualifications of vendors to reduce the time taken in award of work.
- iii) Induction of more vendors.
- iv) Direct import of coal, saving 15 to 23 per cent by way of price.
- v) Initiative of importing low GCV coal for increasing the blending ratio and optimizing cost of generation.
- vi) Development of own mines.
- vii) Work in progress for transport of coal to Farakka through inland waterways, a pioneering initiative of Company being cited as a model for other sectors. Initiatives being taken to transport coal to Barh and Bongaigaon projects also through waterways.
- viii) Incentives to customers for prompt payment.
- ix) Optimizing plant layouts and continuous improvement in the design of various components of projects with sharper focus on quality assurance.
- x) Constant interaction with contractors to resolve contractual issues expeditiously.
- xi) Several measures to enhance employee motivation and productivity while reducing employee cost per MW of power generated.

## **Preparedness for sound growth during Twelfth Plan and beyond**

NTPC plans to add 14,038 MW capacity during the Twelfth Plan period (of which 2160 MW already added) and maintain its position as the largest power generator in the country.

The planned capacity growth is firmly on course as:

- All the clearances and approvals have been obtained.
- Fuel for all the projects has been tied up, including that from captive mines.

- Company's internal accruals are sufficient to finance equity portion and its 'Most Favoured Borrower' status enables it to raise debts at competitive rates. The weighted average cost of borrowings of your Company was 7.76 per cent during 2011-12 and 7.72 per cent during the first quarter of 2012-13.
- Company has already tied up domestic loans of Rs 57,229 crore, out of which about Rs. 17,000 crore is undrawn.
  - domestic bond raising capacity of the Company is more than Rs 50,000 crore.
  - The Company has upgraded its medium term note (MTN) programme to USD 2 billion.

### **Global footprints**

In order to expand the geographies of its operations, NTPC has formed a joint venture Company "Trincomalee Power Company Limited" with Ceylon Electricity Board for setting-up a 2x250 MW coal based power project in Sri Lanka.

A JV Agreement has been signed between NTPC and Bangladesh Power Development Board for setting up a 2X660 MW power plant at Khulna, Bangladesh and the process of incorporation of the JV Company is under way.

Wholly owned subsidiary of NTPC, 'NVVN' has been designated as the nodal agency for 'cross-border-power-trading' with Bhutan and Bangladesh.

### **Sustainable power development towards making the planet greener and people happier**

NTPC is one of the founder members of the India Chapter of United Nations Global Compact (UNGC), a global sustainability initiative under the aegis of UN and is committed to the principles of sustainable development encompassing the environment, the society and corporate governance. It puts equally sharp focus on the environmental and social bottom lines, along with financial top line and bottom line. NTPC seeks to strengthen its social partnerships while reducing its carbon footprints.

Bulk of the new capacity addition would come through super critical units leading to greater efficiency and reduced impact on the environment, thus promoting sustainable growth.

NTPC has taken several initiatives to increase the share of electricity based on non-fossil sources in its portfolio as well as in the country:

- Work is already in progress on 3 hydro-electricity projects with total capacity of 1491 MW.
- A roadmap for development of 1,000 MW basket through renewable energy sources is under development, out of which the roadmap has already been prepared for implementation of 300 MW by 2017.

- Solar capacity of 105 MW is targeted to be completed till 2017 most of which is in advanced stages of work or ordering.
- NTPC is playing a key role in the implementation of the first phase of Jawaharlal Nehru National Solar Mission (JNNSM) of 1,050 MW through its trading subsidiary NTPC Vidyut Vyapar Nigam Ltd (NVTN). Under this mission, NVTN has awarded contracts for about 1,000 MW. So far, 178 MW of Solar PV capacity has been commissioned. Further, Solar Projects of around 850 MW capacity is scheduled for commissioning over the next two years.

## **Green initiatives**

Designed and set up a 40 TR Solar Thermal based heating, ventilation, air conditioning (HVAC) system at the campus of NTPC Energy Technology & Research Alliance (NETRA) located at Greater Noida. This system is first of its kind in the country and has a very high solar to air conditioning efficiency. It is likely to result in energy saving of nearly 1 lakh units per year and CO<sub>2</sub> reduction of 75 per cent compared to conventional AC system.

For monitoring air quality around its power plant on real time basis, 61 Ambient Air Quality Monitoring Systems (AAQMS) have been installed and networked to provide online access to the Central Pollution Control Board also.

NTPC has planted around 19 million trees throughout the country. This is a rich carbon sink.

Various water conservation measures have been taken to reduce water consumption in power generation by using 3 R's (Reduce, Reuse & Recycle) as the guiding principle.

The environmental initiatives taken by NTPC have led to avoidance of 1.96 million tons of CO<sub>2</sub> during the year 2011-12.

## **Corporate Social Relationship**

The Company has built strong partnerships with the communities around its projects and also with the wider society through a well conceived basket of CSR interventions for the betterment of lives of the people. A few areas out of the large CSR basket are:

- access to water, road and electricity,
- education and capacity building facilities,
- healthcare support,
- sanitation and public health,
- promotion of sports and games,
- community centres,
- vocational training and capacity building,
- skill development centres,
- support for agricultural activities.

During the year 2011-12, Rs 49.44 crore was spent on CSR activities which is more than 0.50 per cent of Profit after Tax.

NTPC is playing an active role in preserving and nurturing the rich cultural heritage of our nation. For commemorating the 150<sup>th</sup> birth anniversary of Swami Vivekananda, the company has provided support to the Ramakrishna Mission for organizing various activities.

Hon'ble Union Minister of Power and Corporate Affairs, Dr. Veerappa Moily released a book "Making a Difference" published by Mcgraw Hill which illustrates through 35 real life examples of how NTPC has positively impacted lives in and around its various projects through its CSR outreach.

### **Corporate Governance: ingrained in NTPC's DNA**

Transparency, accountability, fairness and intensive communication with stakeholders are integral to the functioning of NTPC.

The Company has requisite number of Independent Directors on the Board, meeting the requirements of the Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises

### **Winning Laurels**

- Earthcare Award 2012 by Tmes Group to NTPC for its climate change initiatives, CenPeeP awarded amongst green warriors from SAARC Nations.
- Indira Gandhi Rajbasha Award to NTPC presented by HE President of India Shri Pranab Mukherjee to NTPC CMD.
- NTPC Limited has been ranked 3rd overall in 'India's Best Companies to Work for 2012', a study by The Great Places to Work Institute India and The Economic Times. It is also ranked 1<sup>st</sup> among large organizations' with over 10,000 employees, 1<sup>st</sup> in the Public Sector Enterprises segment and 1<sup>st</sup> in the Manufacturing and Production Industry segment.
- NTPC was awarded the Top Liner-Maharatna award for growth in the 3rd DSIJ Awards Ceremony.
- NTPC emerged as industry leader in India's Most Admired Company in a survey by Hay Group in collaboration with the Fortune magazine.
- NTPC was awarded "SCOPE Meritorious Award 2010-11" for Corporate Social Responsibility & Responsiveness by HE President of India Smt. Pratibha Devisingh Patil.
- NTPC Limited has been given SCOPE Excellence Award Gold Trophy in Institutional Category.
- NTPC has been recognised #1 in Global D & B rating conducted by Dun & Bradstreet Information Services India Pvt Ltd for the highest level of creditworthiness of the country.
- NTPC received the "Valued Customer Award" for "Field Testing/Consultancy" instituted by Central Power Research Institute, Bangalore.



- Six employees of NTPC were conferred prestigious Prime Minister's Shram Award.
- NTPC stations have bagged eight National Meritorious Performance Awards instituted by Ministry of Power, Government of India for the year 2009-10 and 2010-11.
- NTPC Dadri has been declared winner of International Project Management Excellence Award (Silver Category) in mega size projects by IPMA International.
- NTPC has been honoured with NDTV Business Leadership Award in the Power Sector.