

## **MAJOR HIGHLIGHTS**

### **(2005-06)**

- The Company takes a new name 'NTPC Limited' aligned to its new business plans.
- The company's market capitalisation crosses Rs. One trillion (Rs. 1, 00,000 crore) and is one of the top three largest Indian companies in terms of market cap.
- A highest ever generation of 170.88 BUs during 2005-06 registering an increase of 7.40% over the generation of 159.11 BUs during 2004-05.
- With 19.51% (including capacities of Joint Ventures Companies) share of the total installed capacity of the nation, NTPC contributed 27.68 % electricity generated in the country during 2005-06.
- Coal Stations of NTPC achieved an operating availability of 89.91%.
- Coal stations of NTPC recorded a PLF of 87.54 %, which is the highest for any financial year since inception. The PLF during previous year was 87.51%.
- 100% realization for the third year in succession.
- Provisional and unaudited net sales of Rs. 259,928 million during the year 2005-06 as against Rs. 225,316 million for the year 2004-05. However, provisional and unaudited Gross Revenue is Rs. 286,473 million during 2005-06 as against Rs. 255,460 million for the year 2004-05.
- Provisional and unaudited Net profit after tax for the year 2005-06 is Rs. 57,061 million as compared to Rs.58,070 million during the year 2004-05.
- Total capacity added during the four years of Xth Plan period (2002-2006) increases to 4000 MW with another 500 MW getting added during the year 2005-06 taking the total capacity of the company to 24,249 MW (including capacities of Joint Venture Companies).
- Construction works on 9470 MW in progress.
- Further projects with capacity of 3720 MW under bidding process

- Ratnagiri Gas and Power Supply Pvt Ltd formed with NTPC having a stake of 28.33% for taking over and operating the Dabhol Power Project
- The Government allots 7 more coal mining blocks to NTPC for captive use taking the total mines allotted to 8 with an expected output of 50 MT per annum.
- A consortium comprising of NTPC and two other members allotted an oil exploration block in Arunachal Pradesh
- Capital expenditure incurred in 2005-06 on capital schemes was Rs. 71,879 million compared to Rs. 53,603 million in 2004-05
- Capital Outlay for 2006-07 set at Rs. 113,250 million
- A USD 1 Bn Medium Term Note program established. NTPC becomes the first Indian Corporate since 1997 to make a successful offering of 10 year Fixed Rate Note amounting to USD 300 million
- Standard & Poor's have revised outlook on the rating of the company from stable to positive while affirming the 'BB+' issuer rating.
- An interim dividend of 20% for the financial year 2005-06 amounting to Rs. 16,491 million.
- Government has assigned NTPC the consultant role to modernize and improve several plants across the country in the 'Partnership In Excellence' program of the government
- Partnering the government in the Rajiv Gandhi Grameen Vidyutikaran Yojana
- NTPC has also taken up Distribution Generation for rural electrification of remote villages through non-conventional energy sources.
- Simhadri project receives International Project Management award instituted by International Project Management Association (IPMA). NTPC is the only Asian Company that has received this award.
- Ranked 3rd "Great Place to work for in India" by M/s Grow Talent and Business World 2005.
- NTPC has achieved all the targets to be rated "Excellent" during 2005 -06 for the nineteenth consecutive year since inception of the MOU system.

The year 2005-06 was yet another year of excellent performance for NTPC.

### **OPERATIONAL PERFORMANCE**

The stations of the company recorded a total generation of 170.88 Billion Units (BUs), showing an increase of 7.40% over the previous year's generation of 159.11 BUs. With a share of 19.51% (including capacities of Joint Venture Companies) in the total installed capacity of the country, NTPC generated 27.68% electricity during 2005-06.

NTPC stations recorded an all time high PLF of 87.54 % which is highest for any financial year since its inception.

### **GROSS REVENUE AND PROFIT**

Provisional and unaudited net sales of Rs. 259,928 million during the year 2005-06 as against Rs. 225,316 million for the year 2004-05. However, Provisional and unaudited Gross Revenue is Rs. 286,473 million during 2005-06 as against Rs. 255,460 million for the year 2004-05.

Provisional and unaudited Net profit after tax for the year 2005-06 is Rs. 57,061 million as compared to Rs. 58,070 million during the year 2004-05.

### **BUDGET UTILISATION**

Capital expenditure incurred in 2005-06 on various capital schemes is Rs.71,879 million. In the previous year 2004-05, capital expenditure incurred was Rs.53,603 million.

### **CAPITAL OUTLAY**

The approved outlay for 2006-07 for capital schemes of NTPC is Rs.113,250 million.

### **BORROWINGS**

During February 2006, NTPC established a Medium Term Note (MTN) programme for USD 1 billion to tap debt funds from international market to finance its capital expenditure requirement.

The first offering off the MTN shelf was made by issuing its 10 year Fixed Rate Notes amounting to USD 300 million, the first issue out of India for a 10 year bond deal after 1997. The issue evoked an overwhelming

response from the investors leading to over subscription of the order book by over 5 times, attracting more than 100 investors. The issue was at the tightest end of 140 bps of the pricing guidance of 140-145 bps over US Treasury. On asset swap basis, the deal was concluded at 84 - 85 bps over Libor.

Geographically the deal was sold 50.20% in Asia, 41.60% to Europe and 8.20% to offshore US accounts. In terms of investor type, the book was sold 41.60% to banks, while fund managers took 37.60%, insurers 15.30% and retailers accounted for balance 5.50%. The deal was lead managed by Barclays bank and Deutsche Bank.

In February 2006, Series XXI Bonds aggregating Rs. 10,000 million were issued to Life Insurance Corporation of India (LIC) on Private Placement basis. This was the second tranche under the MOU entered into between NTPC and LIC in January 2004.

NTPC has tied up loans from Domestic banks and Financial Institutions aggregating Rs. 195,344 million as on 31st March, 2006 for its capacity addition programmes. During the year 2005-06, ten new loans aggregating to Rs. 37,650 million were tied up. An amount of Rs. 30,100 million was drawn and utilized during 2005-06.

The cumulative utilization upto 31st March, 2006 is Rs. 119,893 million.

Standard & Poor's have revised outlook on the rating of the company from stable to positive and has while affirming 'BB+' issuer rating.

During the year, NTPC has received Issuer rating of 'IRAAA' from ICRA, which indicates highest credit quality rating assigned by ICRA.

NTPC has renegotiated with LIC, the interest rate on the un-drawn amount of Term Loan of Rs. 30,000 million and Bonds of Rs. 25,000 million. LIC has decided to reduce the same by 25 bps, thereby effecting an approximate saving of Rs. 1,068 million over the life of the loan.

## **EQUITY**

NTPC stocks continued to attract investors at the stock markets. The stocks closed at Rs. 134.10 at the end of the year as against the opening price of Rs. 85.30. During the year the market capitalization of the company crossed Rs. 1 trillion (Rs. 1,00,000 Cr) and the company continued to be amongst the top three companies in terms of market capitalization. The company also declared an all time high interim dividend @ 20% of paid-up capital resulting into a dividend payout of Rs. 16,491 million.

## **REALIZATION**

The realization of monthly bills from April, 2005 to March, 2006 was 100%. All the customers have opened and are maintaining LC equal to 105% of average monthly billing as per One -Time Settlement Scheme and are making full payment of current bill. The company has put in place a new incentive scheme for prompt paying customers in lieu of the incentive scheme under one-time settlement scheme which expired on 31st March 2006.

## **CAPACITY ADDITION PROGRAMME**

NTPC has adopted multi-pronged growth strategy to become 46,000 MW plus company by the year 2012 and 66,000 MW company by 2017. The strategy, inter-alia, includes capacity addition through green field projects, expansion of existing stations, joint venture, takeover of SEB's station and same include significant addition of hydro capacity and forays into Non-conventional and Nuclear power generation. Further, new business opportunities are being continuously explored through environment scanning and new business plans are adopted through mid-course correction.

As on date, the total installed capacity of NTPC is 24, 249 MW including 314 MW of capacity owned by JV company with SAIL. This includes 500 MW commissioned in the Financial Year 2005-06. Unit-4 of Rihand STPP Stage - II (2X500MW) was synchronized in September 2005 as against the schedule of May 2006. With this addition, NTPC has so far achieved capacity addition of 4000 MW in 10th Plan.

NTPC has planned a capacity addition of about 26000 MW during X and XI Plans, through various projects. Out of which 4000 MW has already been commissioned and 9470 MW are under construction. Details are as under:

<b>Description</b>	<b>(MW)</b>
Capacity already commissioned	4000
Capacity under implementation	9470
Capacity for which bids received	3720
Project for which FRs/DPRs have been prepared and clearances / approval are in process.	5101
Project for which FRs/DPRs under preparation.	4445
Total	26,736*

\*Subject to allocation of the project, timely clearances / approvals etc.

## **STATUS OF ON-GOING PROJECTS**

**Rihand Stage-II (2 x 500 MW) (UP)** Unit # 2 has been commissioned in September, 2005 against the schedule of May 2006 and has been put on commercial operation w.e.f. 01.04.06.

**Vindychal Stage-II (2 X 500 MW) (MP)** Unit # 9 Boiler hydro test was achieved in July 2005 and preparation are on for Boiler light up. Progress in other areas is also as per schedule. Unit # 10 – Boiler hydro test has been done in March 2006. Both the units are targeted for commissioning in this current financial year.

**Feroz Gandhi Unchahar (UP) Stage – III (1 X 210 MW)** Unit is progressing as per schedule and expected to be commissioned in this financial year. Boiler Hydro test was completed in Dec.05 and preparation for light up are being made. Turbine box up has been achieved in December 2005.

**Kahalgaon Stage-II Phase-I (2 X 500 MW) Bihar** Unit # 5 Boiler hydro test has been done in January 2006 . Turbine erection in U# 5 is also under progress. Chimney Shell has also been completed in March 2006. Work in other areas is progressing as per schedule. Unit #6 Boiler erection is in progress. Turbine erection has also commenced.

**Kahalgaon Stage-II Phase –II (1 X 500 MW) Bihar** Unit #7 Boiler pressure parts erection is in progress. Work in other areas is progressing as per schedule.

**Sipat Stage-I (3 X 660 MW) (Chhattisgarh):** Boiler pressure part erection in Unit # 1 & 2 is in progress and Boiler erection has also started in Unit #3 in January 2006. Chimney-1 shell concreting has been completed. TG deck for Unit # 1 concreting has also been completed. Work in other areas is progressing as per schedule. Units are scheduled for commissioning in 11th Plan.

**Sipat Stage –II (2 X 500 MW) (Chhattisgarh):** Unit #4 Boiler pressure part erection is in progress and turbine erection has also started. Unit #5 boiler pressure part erection is in progress. Work in other areas is progressing as per schedule.

**Barh (3 x 660 MW) (Bihar)** Piling and foundation work has commenced in December 2005. Award for major packages except for coal handling, C&I, PT Plant and CW system have been placed. Civil work in cooling tower has also commenced. The units are scheduled for commissioning in 11th Plan.

**Koldam Hydro (4x200MW) (HP)-** Units are scheduled to be commissioned in 11th Plan. Excavation is in progress in main dam, spillway and approach channel packages. Excavation for power house has been completed. Excavation of penstock tunnels is in progress. Concreting for power house and spill way has also commenced.

**Korba Stage III (1X500 MW)** Award for SG and TG package has been placed in March 2006. Unit is scheduled to be commissioned in 11th Plan.

In addition to the above on-going projects, two new projects are envisaged as under:

**Bongaigaon thermal power station (BGTPS), 2X250 MW UNITS:** The Hon'ble Prime Minister of India Dr Manmohan Singh has laid the foundation stone for setting up of 500 Mw (2 x 250 MW) units at Bongaigaon Thermal Power Station by NTPC.

**Expansion of National Capital Power Project at Dadri, U.P.:** NTPC has signed an MOU with Delhi Transco Ltd., (DTL) for expansion of one of its stations namely National Capital Power Station Stage-II at Dadri (U. P.). Accordingly a 490 MW unit will be constructed at NCPP-Dadri. 90% of the power generated from this unit will be supplied to Delhi State through DTL and rest 10% to the home state.

### **COAL SUPPLIES**

NTPC continues to be the Country's single largest consumer of coal. Its stations consumed 105 million tonnes of coal during the year 2005-06 as compared to coal consumed of 94 Million tonnes during 2004-05 recording an increase of 11.74%.

### **COAL MINING**

NTPC, has been allotted 8 captive mining blocks in all by the Government of India. These blocks are expected to produce 50 Million tones of coal per annum. Of these 2 mine blocks at Brahmini and Chicro Patsimal in Orissa are to be developed through a 50:50 Joint Venture between NTPC and Coal India Limited.

### **SOURCING OF LNG / NATURAL GAS**

A consortium comprising of NTPC Ltd, Canoro Resources Ltd and Geo Petrol International has been allotted an oil exploration block in Arunachal Pradesh. A Production Sharing Contract (PSC) for the block

has been signed between the Government of India and the Consortium.

The company has also entered into a Memorandum of Understanding with Petronet LNG Limited (PLL) under which PLL will source one MMTPA of LNG which will be used for augmenting gas supplies for existing gas stations.

### **CONSULTANCY WING**

Consultancy Wing secured 73 number of orders valued at Rs. 1909 million, including 4 overseas order valued at Rs. 5 million. During the year the consultancy wing achieved a provisional turnover of Rs 315 million and booked a provisional profit of Rs. 115 million.

### **NTPC VIDYUT VYAPAR NIGAM LTD. (NVVN)**

NTPC Vidyut Vyapar Nigam Ltd. a, subsidiary of NTPC transacted business with 18 state utilities spread all over the country and traded 1643 MUs of power in 2005-06. Estimated net profit after tax is Rs 36million in comparison to last years profit of Rs 57 million.

NVVN is also engaged in facilitating development of power exchange in India.

### **NTPC ELECTRIC SUPPLY COMPANY LTD. (NESCL)**

An MoU was signed between NTPC and REC to carry out electrification of rural villages and households, one Block each in the State of West Bengal and Jharkand under the "Accelerated Rural Electrification Program" (AREB) launched by MOP.

Under the above MOU, a four party Agreement was signed among WBSEB, Govt. of Bihar, NTPC and REC to carry out electrification in the state of West Bengal. Later on AREP was merged with MOP's programme of Electrification of Rural Village & Households under the name of "Rajiv Gandhi Grameen Vidyuti-Karan Yojana". The agreement earlier signed among NTPC, REC, Govt of WB & WBSEB has been revised in line with the new scheme. Also NTPC was asked to carry out Electrification in the state of Chhattisgarh and Madhya Pradesh.

Till date the Main and the Supplementary Agreements have been signed with the State Govts. of West Bengal, Jharkhand, Chhattisgarh, Madhya Pradesh and Orissa and with their respective Distribution Companies. Last Agreement was signed with Govt. of Madhy Pradesh



and MP Kshetra Vidyut Vitaran Company Ltd. On 08.12. 2005. The execution of works under this Programme is being done by NESCL.

The Provisional turnover of the company for the year 2005-06 is Rs 92 million and Profit (after tax) of the company for the year is Rs. 4 million.

## **JOINT VENTURES**

### **Utility Powertech Ltd. (UPL)**

UPL (a Joint Venture Company of NTPC & Reliance Energy) formed to take up assignments of construction, erection and supervision in power sector and other sectors in India and abroad is operating satisfactorily. The Provisional Turnover and Profit (after tax) for the year 2005-06 are Rs. 1431 million and Rs. 76 million respectively.

### **NTPC Alstom Power Services Pvt. Ltd. (NASL)**

NTPC Limited has formed a JV Company with ASLTOM POWER GENERATION AG, under the name of "NTPC-ALSTOM Power Services Private Limited (NASL) for taking up Renovation & Modernization assignments of power plants both in India and abroad. The provisional gross revenue for the year 2005-06 is Rs. 708 million and Profit (after tax) of the company for the year is Rs.29 million.

### **NTPC-SAIL Power Company (Pvt.) Ltd. (NSPCL) & Bhilai Electric Supply Company Private Ltd.(BESCL)**

These joint venture companies were formed for operating and maintaining the captive power plants of SAIL. These companies are performing consistently well. The Provisional turnover of the NSPCL for the year 2005-06 is Rs 1280 million and Profit (after tax) of the company for the year is Rs.255 million. The provisional turnover of BESCL for the year 2005-06 is Rs 600 million and profit after tax is Rs 72 million.

### **Ratnagiri Gas And Power Pvt. Limited**

Ratnagiri Gas and Power Supply Pvt Ltd has been formed as joint venture between NTPC, GAIL, Maharashtra State Electricity Board and Indian Financial institutions with NTPC having a stake of 28.33% for taking over and operating Dabhol Power Project. The rehabilitation of the equipments in the plant is under progress and the project is likely to begin operations soon.

## **NEW JOINT VENTURES**

### **Tamil Nadu Electricity Board (TNEB):**

NTPC and TNEB have formed a Joint Venture Company under the name of "NTPC Tamil Nadu Energy Company Ltd". The company was incorporated on 23.05.2003 to set up a coal-based power station of

1000 MW capacity, at Ennore, using Ennore port infrastructure facilities. Site Specific & other studies have been completed. The Joint Venture Agreement was signed on 24th January 2006.

#### **Joint Venture with Railway**

NTPC has signed an MOU with Ministry of Railways on 18.02.2002 for setting up power plant(s) upto 2000 MW capacity to meet the traction and non-traction power requirements of Railways. After studying various sites in India, it has been decided to setup a 1000 MW (4x250 MW) power plant at Nabinagar, in Bihar. FR for this project has been prepared.

#### **Joint Venture with GPCL**

MoU has been signed on 20.02.04 between NTPC, Gujarat Power Corporation Ltd (GPCL), and GEB to set up 1000 MW Thermal Power Project at Pipavav in Gujarat. Site Specific Studies for the project are in progress and FR is under preparation.

#### **Joint Venture with BSEB**

An MOU has been entered between NTPC, Government of Bihar and BSEB for formation of joint venture for take over of the Muzaffarpur Thermal Power Station having a capacity of 440 MW.

### **ENERGY TECHNOLOGIES**

NTPC has set up Energy Technologies Centre with a well-defined mandate to develop and innovate cutting edge technologies to meet the ever-changing scenario in power sector. The centre is working in both fundamental and applied fields with the ultimate objective of commercializing the technologies both within and outside. Setting up of this centre by NTPC meets a long-term need of such a centre in the power sector in India.

Energy Technologies has already started its research activities in-house and through networking with established research institutes in India. In this direction ET has networked with 8 institutes for 12 research projects in the areas like carbon sequestration, power plant efficiency improvement, waste heat utilization, flue gas conditioning etc.

### **ASH UTILIZATION**

An all time high of 17 million tonnes of ash has been utilized for various productive purposes which is 47.21% of the total ash generation against MOU target of 30%. The major utilization was in the areas of Issue to Cement & Asbestos Industry, Road Embankment, Mine filling, Ash Dyke Raising & Land Development.

## **CORPORATE SOCIAL RESPONSIBILITY**

NTPC follows the Global Practice of addressing Corporate Social Responsibility (CSR) issues in an integrated multi stakeholder approach covering the environment and social aspects. NTPC has established NTPC Foundation, registered as a Trust in December 2004, and today it is fully functional. A Development Centre for the Physically Challenged Persons (PCPs) is planned to be developed under the aegis of the Foundation. The present thrust area of the Foundation is to facilitate economic self reliance of PCPs, with special emphasis on Visually Challenged and Hearing Impaired persons. In this direction a nationwide notification was released in June 2005 inviting schemes/ ideas from Individuals/ NGOs/ Consultants for Self Income Generating Schemes (SIGS) that can be implemented by PCPs. An amount of Rs. 54 million has been allocated for this effort under CSR-CD for this financial year.

The efforts of the Organisation in the field of CSR-CD have not gone unrecognized by the outside world. NTPC has been bestowed this year by the prestigious Platts Award – Business Week Global Energy Award at USA and also have been honoured recently by the Amity International for its efforts.

## **HUMAN RESOURCE MANAGEMENT**

The total strength of employees of the Corporation stands at 21,757 as on 31.03.2006 as against 21,420 for the year 2004-05 (excluding employees in JVs, Subsidiaries & BTPS). All efforts were made to improve the manpower utilization. The overall Man : MW ratio for the year remained same as 0.91.

## **TRAINING AND DEVELOPMENT**

The Power Management Institute (PMI), NTPC's apex Training and Development Centre conducted 330 training programmes, an increase of 2.80 % over previous year figure of 321 programmes. The number of participants trained both internal and external was 8439 as against 7855 participants in previous year an increase of 7.43 %. In its effort to go global PMI has provided training to several foreign participants from Libya, Iraq, Bahrain, etc.

## **EMPLOYEE RELATIONS**

The overall industrial relations scenario was peaceful and conducive, governed by harmony and mutual trust. Workshops for employee representatives from projects were held, at the apex as well as regional

level, to sensitize them of the opportunities, threats and challenges facing the company in the dynamics of an uncertain business environment and to reiterate their significant role in synergizing the potential of the human resource – the sole differentiating factor of competitive advantage in today's knowledge economy.

## **AWARDS**

- ❖ NTPC , Simhadri received International Project Management award instituted by International Project Management Association. NTPC is the only Indian Company that has received this award.
- ❖ NTPC, ranked 3rd in "Great Place to work for in India" by M/s Grow Talent and Business World 2005.
- ❖ NTPC bagged "Organization with Innovative HR Practices" by World HRD Congress for its outstanding contributions in the area of HR policies, programs and practices.
- ❖ Shri C.P.Jain, Ex-CMD, NTPC has been awarded the "Ernst and Young, Manager Entrepreneur of the Year" .
- ❖ NTPC, Dadri bagged The Golden Peacock National Quality Award.
- ❖ Company received the coveted "Golden Peacock Global Award for Excellence in Corporate Governance 2005"
- ❖ NTPC got the "Performance Excellence Award for the Year 2003-04" by Indian Institution of Industrial Engineering.
- ❖ NTPC, PMI has bagged the Golden Peacock National Training Award 2005 for third year in succession.





