

**A Presentation  
on  
NTPC Limited  
by  
Mr. A.K. Singhal  
Director (Finance), NTPC  
at  
2<sup>nd</sup> Analysts & Investors Meet**

**1<sup>st</sup>- 2<sup>nd</sup> August 2006**

**The information contained in this presentation contain forward looking statements. Actual result may vary materially from those expressed or implied, depending upon economic conditions, government policies and other factors. Any opinion expressed is given in good faith but is subject to change without notice.**

# Corporate vision and Core Values

## *Corporate Vision:*

*“A world class integrated power major, powering India’s growth, with increasing global presence”*

## *Core Values:*

*B-Business Ethics*

*C-Customer Focus*

*O-Organizational & Professional pride*

*M-Mutual Respect and Trust*

*I- Innovation & Speed*

*T-Total quality for Excellence*

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1 Overview

2 Performance Highlights – Year and Q1-07

3 Strategies

# Evolution of NTPC

1975

- NTPC was set up in 1975 with 100% ownership by the Government of India. In the last 30 years, NTPC has grown into the largest power utility in India.

1997

- In 1997, Government of India granted NTPC status of "Navratna" being one of the nine jewels of India, enhancing the powers to the Board of Directors.

2004

- NTPC became a listed company with majority Government ownership of 89.5%.
- NTPC becomes third largest by Market Capitalisation of listed companies

2005

- The company rechristened as NTPC Limited in line with its changing business portfolio and transform itself from a thermal power utility to an integrated power utility.

Stakeholder  
Value Creation

Investments philosophy aimed at  
maximizing returns; adherence to best  
practices

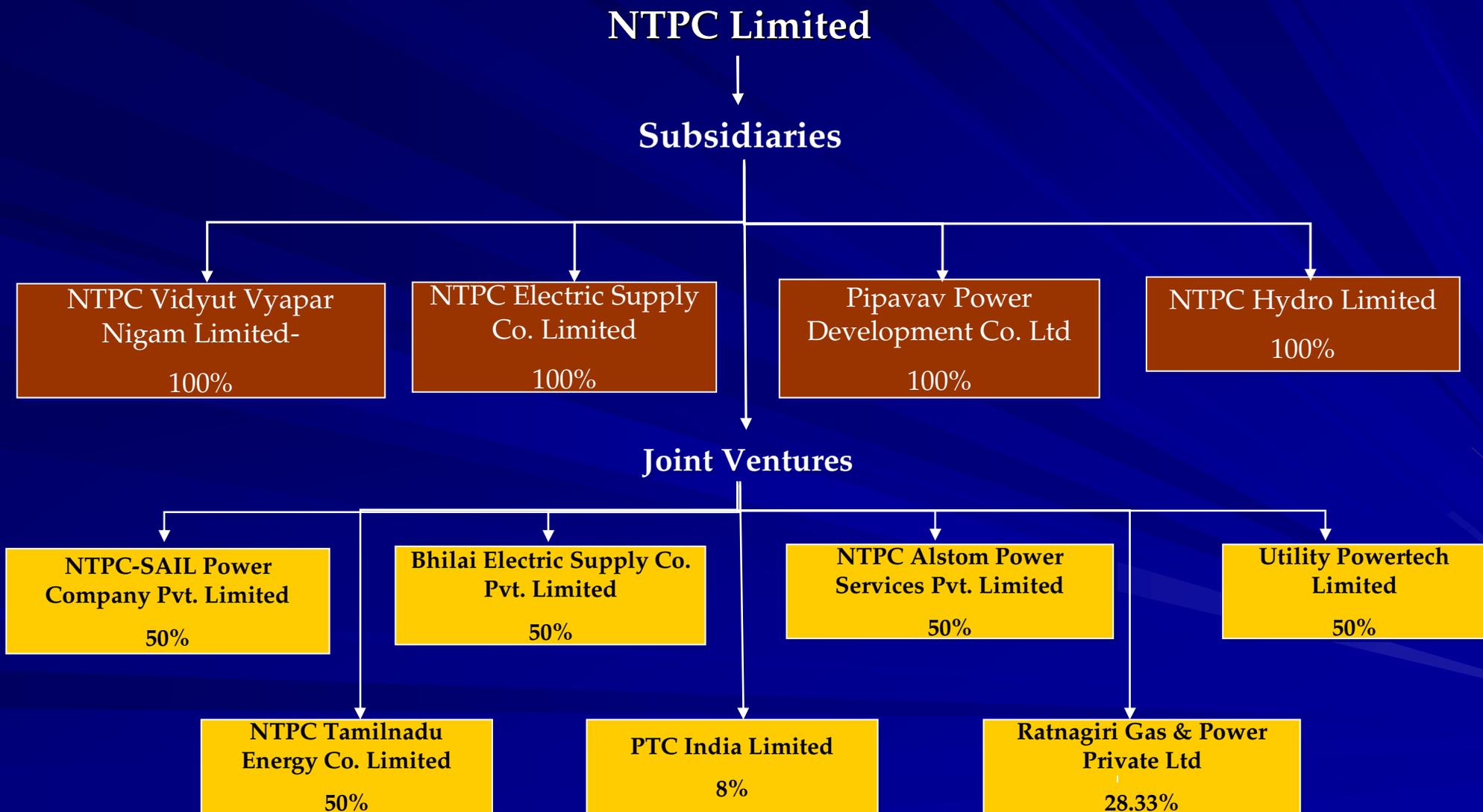
Strong Management  
team, Professional and  
dedicated organization

Sound business concept & High  
standards of Corporate  
Governance

- Total shareholder's funds of Rs. 450 billion as on 31st March 2006 .
- Total Asset base of Rs. 717 Billion as on 31st March 2006.

NTPC is the largest power utility in India, accounting for about 20% of India's installed capacity

# NTPC Group



%age indicates NTPC's holding

# Company Overview



- THERMAL POWER STATION
- HYDRO POWER STATION
- GAS POWER STATIONS

A national generation company, supplying electricity to all major states

Installed capacity of 26,194 MW (including owned thru joint ventures) , projects spread geographically across the country

The second largest generator in Asia

Diversified generation portfolio

100% Realization third year in succession

High capacity utilization

Experienced professional management team with proven track record with 'can do' approach

One of the foremost power generation companies, with comprehensive in-house capabilities in building and operating power projects

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1 Overview

2 Performance Highlights – Year and Q1-07

3 Challenges and Strategies

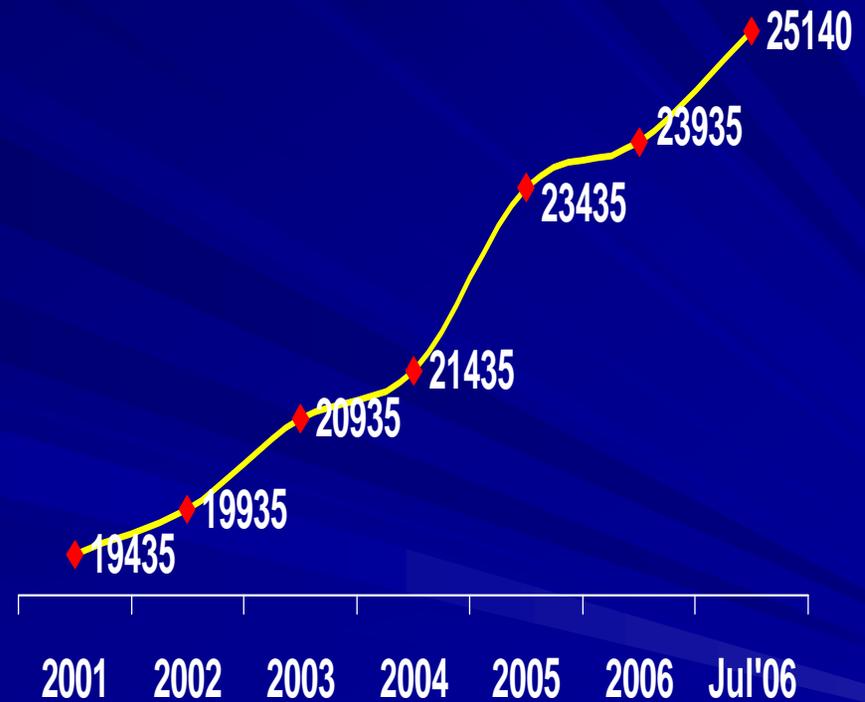
# Performance Highlights – Fiscal 2006 & Q1-07

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- 1 Capacity Growth
- 2 Physical Performance
- 3 Commercial Performance
- 4 Financial Performance
- 5 Others

# Capacity Growth

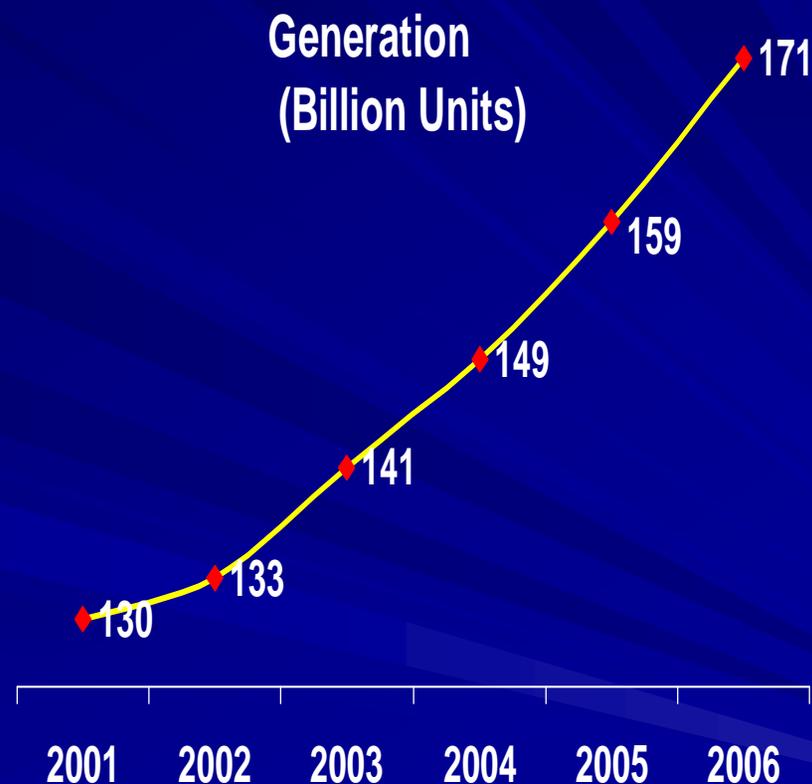
- Capacity added in the previous year
  - 500 MW commissioned at Rihand
- Increase in capacities in Q1
  - 705 MW Badarpur Thermal Station transferred to NTPC w.e.f. June 1, 2006
  - 500 MW commissioned at Vindhyachal
  - 740 MW capacity of Ratnagiri JV
- Total capacity
  - Owned - 25,140 MW
  - Joint ventures - 1,054 MW



NTPC has contributed to over 27% of Generating Capacity addition in the country during last 23 years  
NTPC Capacity CAGR since inception - 20% Vs All India 5.6%

# Physical Performance – Generation

- Generation for the year grew by 7.55%
  - 171 BUs generated against 159 BUs in previous year
- Generation for Q1-07 has grown by 8.83% over corresponding quarter in previous year
  - 45,061 MUs against 41,406 MUs

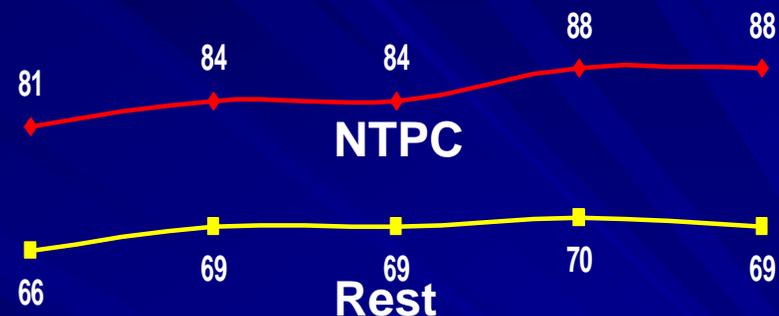


NTPC Generation CAGR since inception –  
24% Vs All India 6.70%

# Physical Performance – Capacity utilization

	Fiscal 2006	Fiscal 2005
Coal Stations	87.54%	87.51%
Gas stations	65.81%	65.35%

	Q1-07	Q1-06
Coal Stations	87.76%	87.26%
Gas Stations	72.03%	68.06%



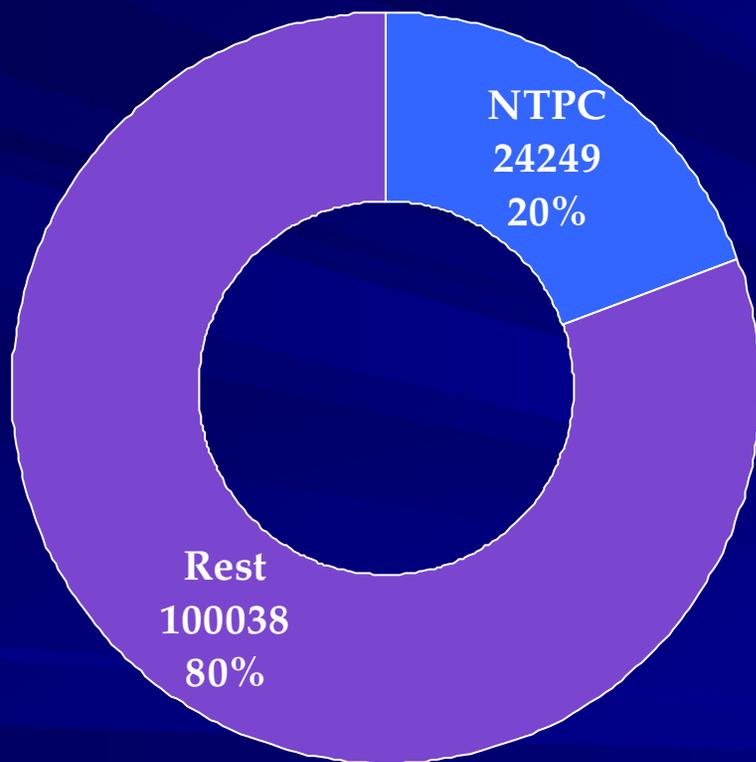
NTPC PLF Vs Average PLF of  
Other generators in India

2001-02      2002-03      2003-04      2004-05      2005-06

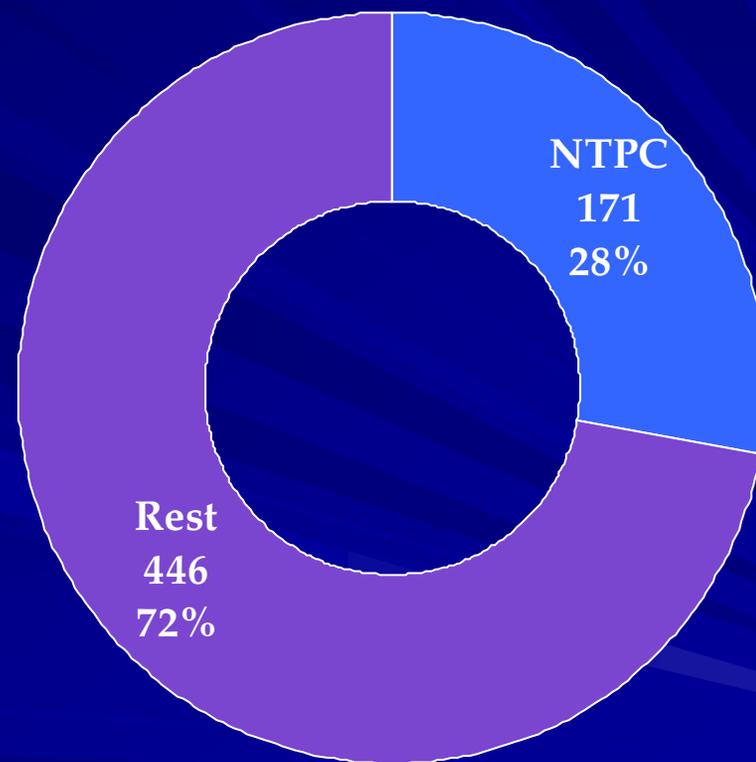
Operational availability at 89.91% in fiscal '06  
Recorded highest ever PLF of 87.54%

# Physical performance – Market Share (as of March 31, 2006)

Capacity (MW)



Generation (BUs)



More than one-fourth of India's generation with one-fifth capacity  
The next largest power utility owns 5.9% of market share in terms of capacity and 7.2% of share in terms of units generated

# Commercial Performance

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- ★ 100% realization in the fiscal 2006 of the amounts billed to the customers
  - ★ *Same trend continues in the first quarter of fiscal 07*
- ★ Letters of Credits to the extent of 105% of average monthly billing established by all customers
- ★ Timely Servicing of Bonds under One-time-settlement Scheme
- ★ New incentive scheme for encouraging prompt payment introduced
  - ★ *After the expiry of the incentives payable under one time settlement scheme the company has introduced a scheme in which for a year 2% of bonds outstanding would be paid as incentive in place of 4% being paid earlier*
  - ★ *Also the normal rebate for prompt payments has been improved for customers paying within the first five days of billing*

# Financial Performance – For the Year 2005-06

Rs.Million

	Fiscal 2006	Fiscal 2005	% change
<b>Total income</b>	<b>287,530</b>	<b>255,414</b>	<b>12.57%</b>
<b>Sales</b>	<b>261,429</b>	<b>225,650</b>	<b>15.86%</b>
<b>Other income</b>	<b>26,101</b>	<b>29,764</b>	<b>(12.31%)</b>
<b>Total expenditure</b>	<b>197,244</b>	<b>164,906</b>	<b>19.61%</b>
<b>Fuel</b>	<b>163,947</b>	<b>137,235</b>	<b>19.46%</b>
<b>Depreciation</b>	<b>2,0477</b>	<b>19,584</b>	<b>4.56%</b>
<b>Interest &amp; finance charges</b>	<b>9,585</b>	<b>10,142</b>	<b>(5.49%)</b>
<b>PBT</b>	<b>60,224</b>	<b>60,782</b>	<b>(0.92%)</b>
<b>Tax</b>	<b>2,022</b>	<b>2,712</b>	<b>(25.44%)</b>
<b>PAT</b>	<b>58,202</b>	<b>58,070</b>	<b>0.23%</b>
<b>Adjusted PAT</b>	<b>53,263</b>	<b>45,176</b>	<b>17.90%</b>

# Financial Performance – Quarter

Rs.Million

- ✦ The gross revenues have grown by 17.87%
- ✦ Sales have registered an increase of 18.11%
- ✦ Profits have grown by 18.65%

	Q1-07	Q1-06	% change
<b>Total income</b>	<b>77,905</b>	<b>66,095</b>	<b>17.87%</b>
<b>Sales</b>	<b>71,536</b>	<b>60,567</b>	<b>18.11%</b>
<b>Other income</b>	<b>6,369</b>	<b>5,528</b>	<b>15.21%</b>
<b>Total expenditure</b>	<b>51,576</b>	<b>45,141</b>	<b>14.26%</b>
<b>Fuel</b>	<b>45,670</b>	<b>38,240</b>	<b>19.43%</b>
<b>Depreciation</b>	<b>4,755</b>	<b>4,873</b>	<b>(2.42%)</b>
<b>PBT</b>	<b>16,336</b>	<b>13,724</b>	<b>19.03%</b>
<b>Tax</b>	<b>808</b>	<b>637</b>	<b>26.84%</b>
<b>PAT</b>	<b>15,528</b>	<b>13,087</b>	<b>18.65%</b>

# Financial Performance – Quarter

- ★ As in the past the company has disclosed certain adjustments which are included in the reported results
- ★ On an adjusted basis the profits for the current quarter have grown by 25.41% over the same quarter of the previous year

Rs.Million

	Q1-07	Q1-06	% change
<b>Reported PAT</b>	15528	13087	18.65%
<b>Adjustments</b>			
Previous year sales	-939	-308	
Exchange rate variations adjusted to interest	904	-562	
Prior period adjustments	-175	-3	
<b>Adjusted PAT</b>	15,318	12,214	25.41%

## Other key highlights (April to July)

- Capacity target upgraded – from 17,000+ to 21,000+ for the XI plan period (2007-2012)
- The government of India owned 705 MW Badarpur Power Station located in New Delhi has been transferred to NTPC w.e.f. June 1, 2006
- NTPC has submitted its Request for Qualification for bidding for the Sasan ultra mega project
- NTPC Board has given investment approvals for the following projects
  - 600 MW Hydroelectric Power Project at Loharinag Pala in the State of Uttaranchal envisaged
  - 500 MW coal based expansion unit at Farakka in the State of West Bengal
  - 980 MW coal based expansion unit at Dadri, in the State of Uttar Pradesh near Delhi

## Other key highlights ... Contd.

- ✦ Coal Supply
  - During the quarter 27 million tonnes of coal was received as compared to 25 million tonnes in the corresponding quarter in the previous year
  - Coal stock levels at power stations were comfortable
  - The company has also planned to import 5 million tones of coal as a contingent measure
- ✦ Gas Supply
  - During the quarter Gas stations received 12.32 MMSCMD of gas in comparison to 10.81 MMSCMD received in the same quarter in the previous year
  - Purchase of Regassified LNG from the spot market have commenced since the month of June 2006
- ✦ Ratnagiri Gas and Power Private Limited has been able to revive power block II of the Ratnagiri power project
- ✦ NTPC has mandated SAP for ERP implementation

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- 3 Plans And Strategies

# Plans and Strategies

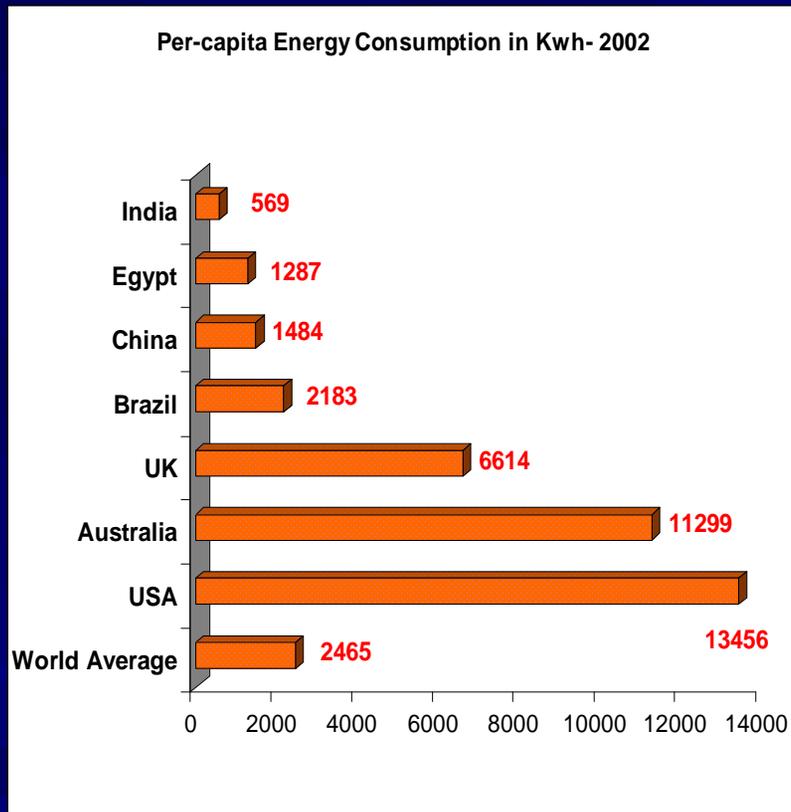
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The company has formulated its plans and strategies on the basis of -

- ✦ opportunities in the sector,
- ✦ company's strengths,
- ✦ challenges

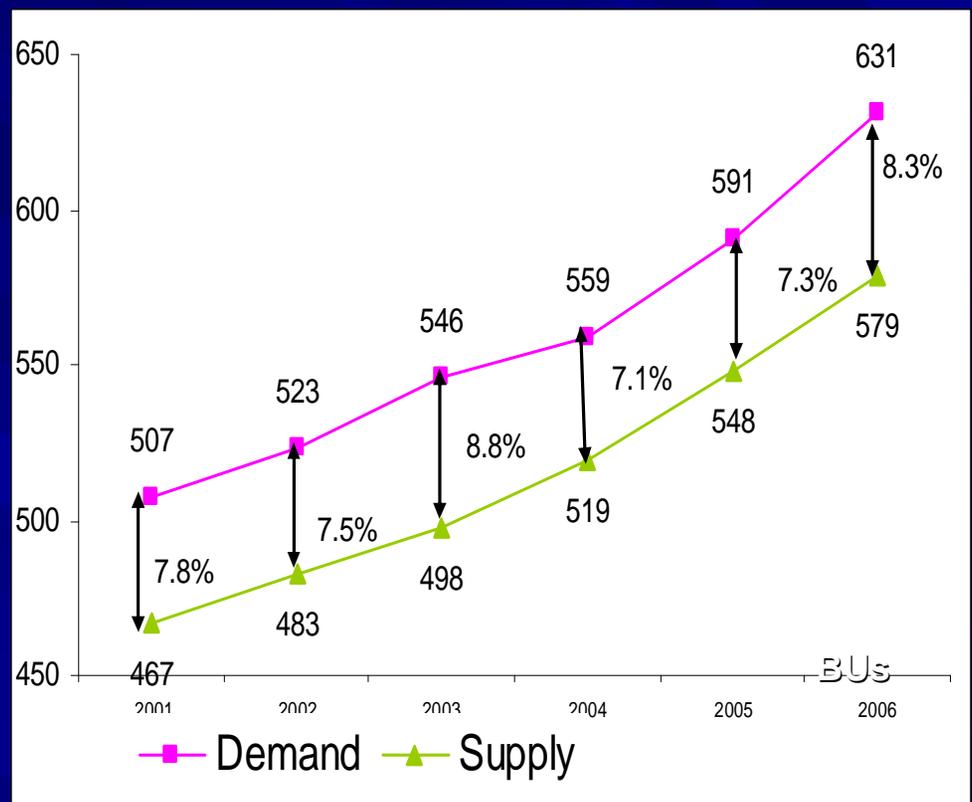
# Basis for strategies – Sectoral Opportunities

High potential for growth



Source- UNDP Human Dev. Indicators 2005

India - A supply deficit power market



Source- MOP Annual Report 2002-03, CEA -Executive Summary

The huge growth potential provides opportunities for the company to grow

# Basis of Strategies – Key competitive strengths



Dominant market share in India

High off take security

Proximity to fuel sources

High operating and cost efficiency

Low Operational Risk Profile

Strong Relationship with Government of India

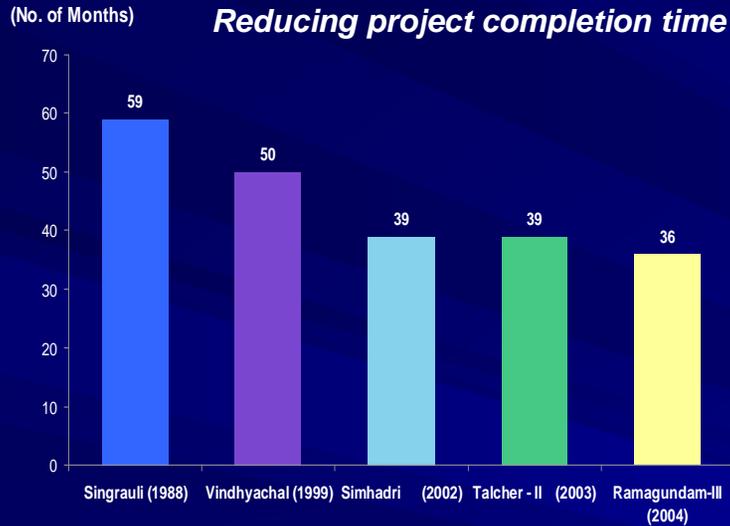
Strong management team with solid track record

Strong credit ratings

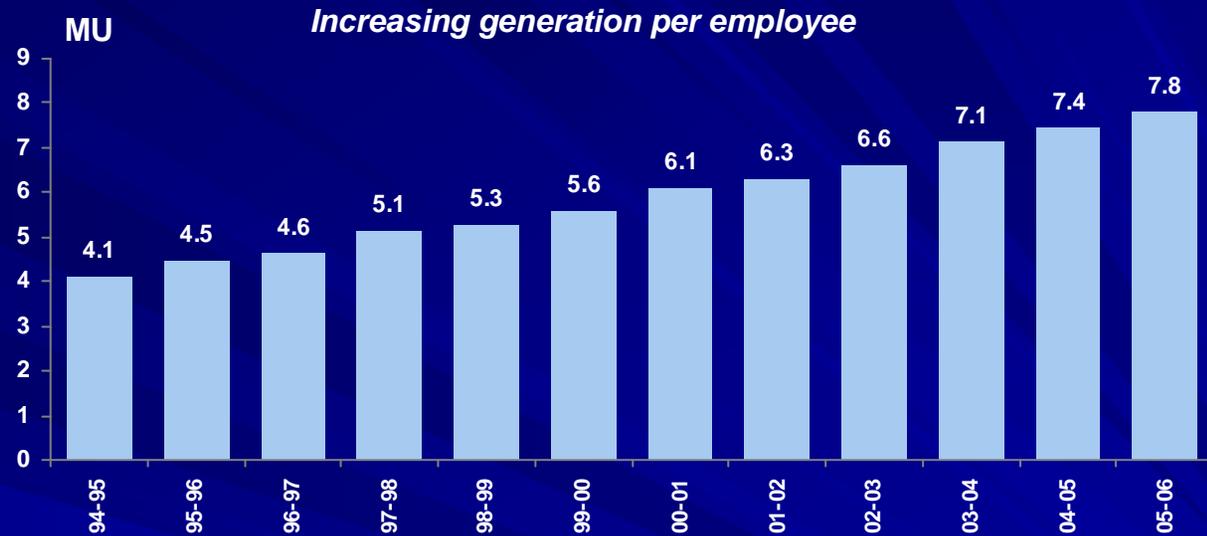
**Strategic importance to India**

# Basis of Strategies – Key competitive strengths

## Project implementation skills



## Growing productivity



## Turnaround capabilities



Bagging of IPMA International Project Management Award 2005 for Simhadri Project a testimony of project management abilities of the company

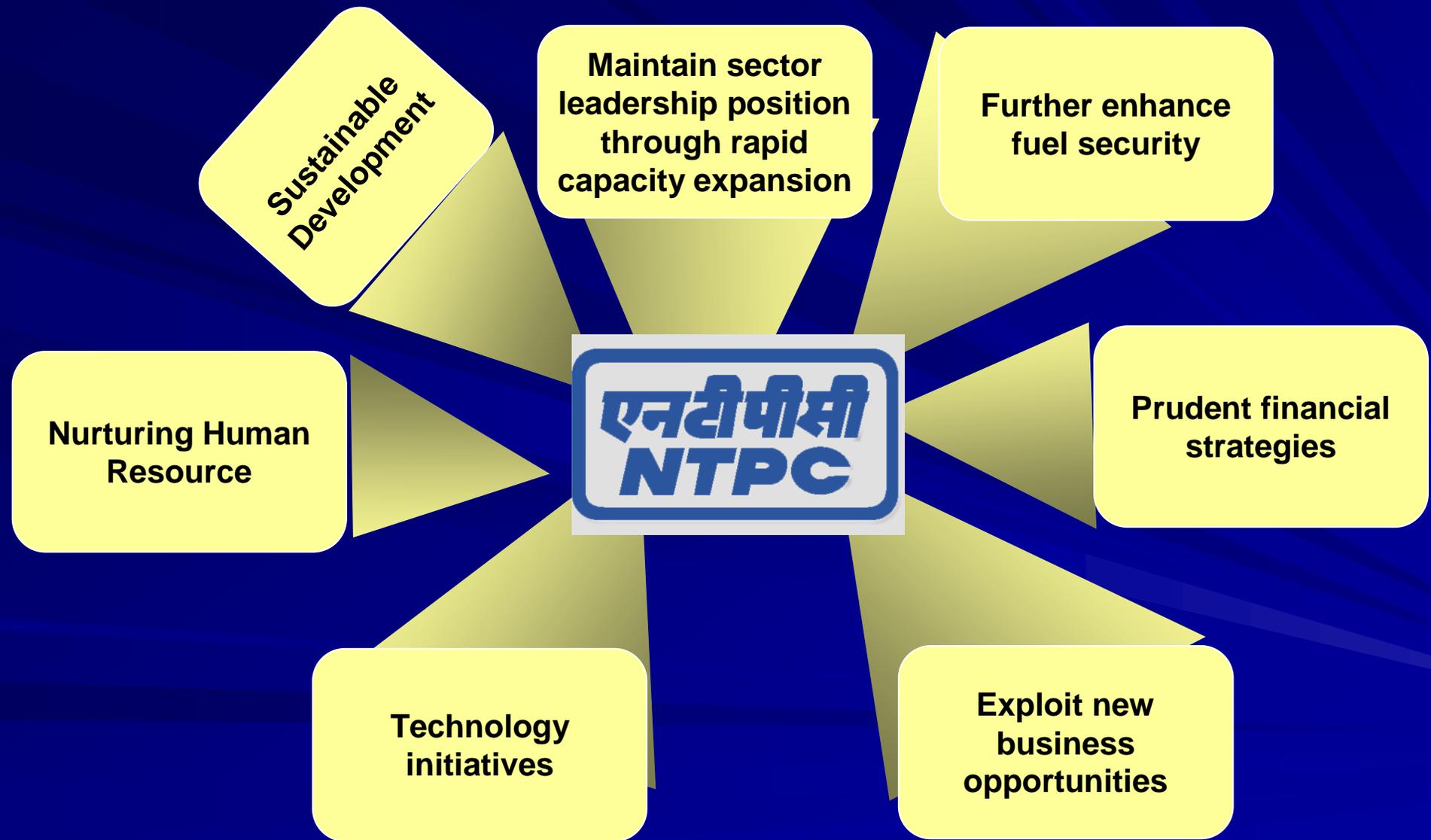
Repeated turnarounds of low performing plants acquired by NTPC and the revival of Ratnagiri power station demonstrate NTPC's strong technical skills and expert manpower pool

# Basis for Strategies – Key Challenges

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1. Availability of fuel at Competitive Prices
2. Regulatory Risk
3. Health of Customers
4. Competition

# Snap Shot of strategies



## Strategy – Rapid capacity expansion

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- ✦ Initial target for 2007-2012 was 11,058 MW
- ✦ This was upgraded to 17,000+ MW in the previous year
- ✦ It is now upgraded to 21,000+ MW

# Strategy – Rapid capacity expansion

## Capacity addition planned / envisaged

	Upto 2007	2007 - 2012
Coal projects (Own)	3,210	12,680
Gas projects (Own)		4,550
Hydro Projects (incl subsidiary)		2,211
<b>Total addition (own)</b>	<b>3,210</b>	<b>19,441</b>
Capacities through JVs		2,500

## Total capacities envisaged by 2012

	Owned	JVs	Total
Existing capacity	25,140	1,054	26,194
Total addition by 2012	22,651	2,500	25,151
<b>Total capacity</b>	<b>47,791</b>	<b>3,554</b>	<b>51,345</b>

# Strategy – Rapid capacity expansion

## Revised plan for 2007-2012

Project	Total Capacity	Scheduled by 2012
Sipat I	1980	1980
Barh	1980	1980
Korba III	500	500
North Karanpura	1980	1980
Farakka III	500	500
Dadri III	980	980
Darlipalli	3200	800
Bongaigaon	500	500
Mauda	1000	1000
Simhadri II	1000	1000
Barh II	1320	660
Ultra Mega	4000	800
<b>Total Coal (Own)</b>	<b>18940</b>	<b>12680</b>

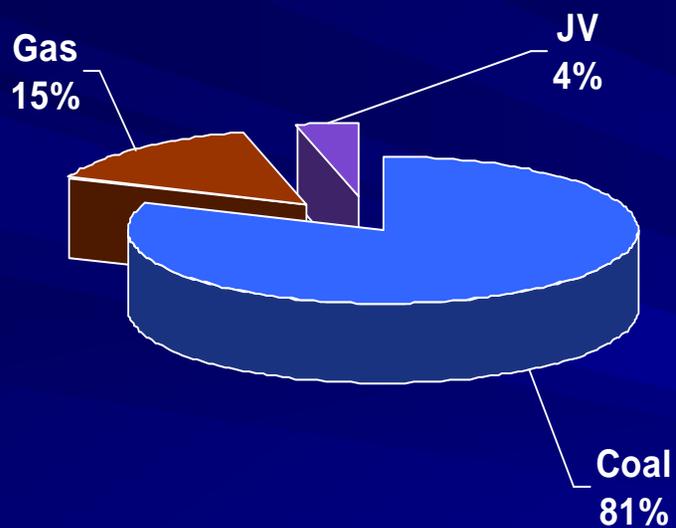
Kawas II	1300	1300
Gandhar II	1300	1300
Rajiv Gandhi (Kayamkulam)	1950	1950
<b>Total Gas (Own)</b>	<b>4550</b>	<b>4550</b>

Project	Total Capacity	Scheduled by 2012
Koldam	800	800
Loharinag Pala	600	600
Tapoban Vishnugad	520	520
Lata Tapovan (NTPC Hydro)	171	171
Rammam III (NTPC Hydro)	120	120
<b>Total Hydro (incl NHL)</b>	<b>2211</b>	<b>2211</b>

Bhilai, NTPC-SAIL	500	500
Nabhinagar, Railways	1000	1,000
Ennore, TNEB	1000	1,000
<b>Total (JV)</b>	<b>2500</b>	<b>2500</b>

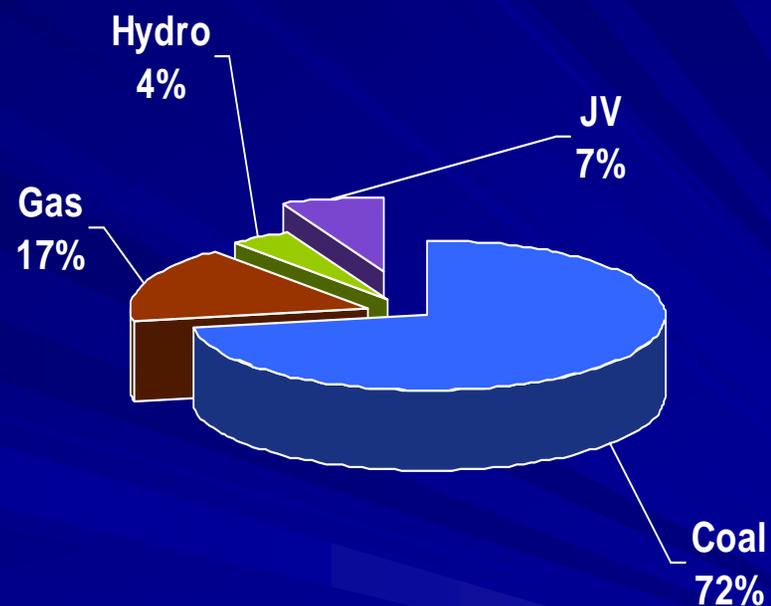
Coal (Own)	18940	12680
Gas (Own)	4550	4550
Hydro (Own+Subs)	2211	2211
Thru JV	2500	2500
<b>Total</b>	<b>28201</b>	<b>21941</b>

# Expected capacity – March 2012



■ Coal ■ Gas ■ JV

**Capacity Mix - existing  
(26194 MW)**



■ Coal ■ Gas ■ Hydro ■ JV

**Capacity Mix - 2012  
(51345 MW)**

# Strategy – Enhance fuel security

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- ✦ Strategies for coal
- ✦ Strategies for gas
- ✦ Diversification into hydro

# Strategies for Coal

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- ★ Near Term Measures
  - ★ Import of Coal to meet shortages as a contingency measure
  - ★ Negotiation with coal companies for enhancing supplies
- ★ Long Term measure
  - ★ Develop coal mines

## Status of coal mine development

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- ✦ Eight coal blocks allotted of which two would be developed in joint venture with Coal India Limited
- ✦ Estimated mineable reserves of 2900 MT
- ✦ Estimated total production capacity of 50 MTPA by the year 2017
- ✦ Initial production to begin by the year 2008
- ✦ NTPC Board has approved an advance expenditure of Rs. 5430 million for development of these mines
- ✦ Requests for qualification received for appointment of Mine Developer cum Operator for Pakhri Barwadih mine are being evaluated

## Strategies for Gas

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- ★ Near Term measures
  - ★ Purchase of gas from spot market has commenced from the month of June
  - ★ An understanding has been signed with Petronet LNG wherein they have been requested to explore possibility of supplying gas for its existing stations

## Strategies for Gas

- ★ Long Term Measures
  - ★ A consortium comprising of NTPC, Geopetrol International and Canoro Resources Limited has been allotted an oil exploration block in the state of Arunachal Pradesh
  - ★ Exploration activities are progressing in this block
  - ★ NTPC would participate in the round VI of New Exploring Licensing Policy of Government of India
  - ★ NTPC would also consider participation in various elements of LNG value chain
  - ★ NTPC is exploring the possibility of investment in power plants in Nigeria if it gets gas for its power plants
  - ★ Similar strategies would be explored elsewhere also

## Diversification into Hydro Projects

Project	Total Capacity	Scheduled by 2012
Koldam	800	800
Loharinag Pala	600	600
Tapoban Vishnugad	520	520
Lata Tapovan (NTPC Hydro)	171	171
Rammam III (NTPC Hydro)	120	120
<b>Total Hydro (incl NHL)</b>	<b>2211</b>	<b>2211</b>

**Further Hydro projects having cumulative capacity of more than 6000 MW identified for implementation which may be scheduled for commissioning in 12<sup>th</sup> Plan (2012-2017)**

# Strategy – Prudent Financial Strategies

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## Capital structure

- ✦ Diversified sources of funds
- ✦ Prudent financial profile - Debt to Net Worth of 0.45:1

## Liquidity

- ✦ Access to large credit lines from financial institutions, Banks, Multilateral and Bilateral agencies
- ✦ Net cash flow of Rs.62 bln generated from operating activities in FY 2005-06
- ✦ Leveraging borrowing with a debt-to-equity ratio of 70:30

## Dividend policy

- ✦ Highest ever dividend for fiscal 2006 @ 28% including Interim dividend @ 20%.
- ✦ NTPC will continue to balance dividend pay-out and growth to take advantage of country's deficit power position

# Strategy – Exploit New Business Opportunities

Forward and  
Backward  
integration  
across energy  
chain

- ✦ Coal mining blocks already allotted
- ✦ Oil exploration block allotted
- ✦ Participation in LNG chain being explored

Diversifying  
fuel mix by  
setting up  
hydro-power  
plants

- ✦ Work already started on hydro projects
- ✦ More hydro projects being identified

Exploring  
various options  
for setting up of  
Merchant Plants

- ✦ Three power plants being implemented as Merchant Plants
- ✦ Participation in competitive tariff based bidding

Power trading  
business

- ✦ The subsidiary company which has been set up for power trading is operating and earning revenues

# Strategy – Exploit New Business Opportunities

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Diversifying  
Entry into  
electricity  
distribution

- ✦ The subsidiary company set up for doing distribution business is scouting for distribution business

Exploring  
business from  
overseas  
operations by  
providing  
consultancy  
services

- ✦ The company provides consultancy services in engineering, project management, construction management, operation and maintenance of power plants to clients within as well as outside India.
- ✦ In order to scout for more business opportunities in the Middle East countries, the company is in the process of setting up a representative office in Dubai.
- ✦ The company is considering proposals to put up power plants in Sri Lanka and Nigeria

## Strategy – Technology Initiatives

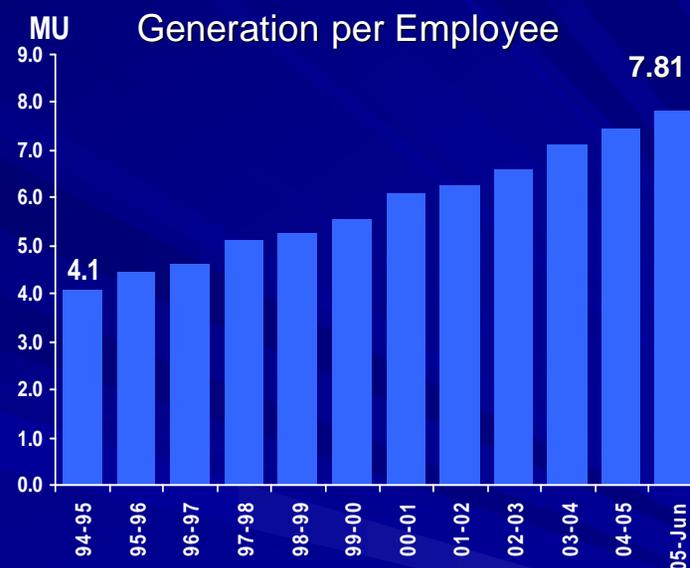
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- ✦ Introduction of steam generators (boilers) of the size of 800 MW
- ✦ Integrated Gasification Combined Cycle (IGCC) Technology
- ✦ Launch of Energy Technology Center -A new initiative for development of technologies with focus on fundamental R&D
- ✦ The company sets aside upto 0.5% of the profits for R&D
- ✦ Roadmap developed for adopting 'Clean Development Mechanism' to help get / earn 'Certified Emission Reduction'

# Strategy – Nurturing Human Resources

- ✦ 24,044 highly trained employees of which 21,870 are engaged in NTPC owned project
- ✦ Senior executives possess extensive experience of the industry
- ✦ Executive Turnover Rate 0.41%
- ✦ Planned interventions at various stages of career
- ✦ Systematic training ensures 7 man days training per employee per year
- ✦ Knowledge sharing & development through various HR initiative

## Improving Productivity



Third Great Place to work for in India for the year 2005 in a survey conducted by  
Grow Talent and Business World

# Strategy – Sustainable Development

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## ✦ Corporate Social Responsibility

- ✦ As a responsible corporate citizen NTPC has taken up number of CSR initiatives
- ✦ NTPC Foundation formed to address Social issues at national level .
- ✦ NTPC has framed Corporate Social Responsibility Guidelines committing up to 0.5% of net profit annually for Community Welfare Measures on perennial basis
- ✦ The welfare of project affected persons and the local population around NTPC projects are taken care of through well drawn Rehabilitation and Resettlement policies
- ✦ The company has also taken up distributed generation for remote rural areas

# Strategy – Sustainable Development...Contd

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## ✦ Environment Management

- ✦ All stations of NTPC are ISO 14001 certified
- ✦ Various groups to care of environmental issues
  - ✦ The Environment Management Group
  - ✦ Ash Utilisation Division
  - ✦ Afforestation Group
  - ✦ Centre for Power Efficiency & Environment Protection
  - ✦ Group on Clean Development Mechanism

NTPC is the second largest owner of trees in the country after the Forest department

## Strategy – Sustainable Development...Contd

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- ✦ **Partnering government in various initiatives**
  - ✦ **Consultant role to modernize and improvise several plants across the country**
  - ✦ **Disseminate technologies to other players in the sector**
  - ✦ **Consultant role “Partnership in Excellence” Programme for improvement of PLF of 15 Power Stations of SEBs.**
- ✦ **Rural Electrification work under Rajiv Gandhi Grameen Vidyutikaran Yojana**

## What others say

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*NTPC is a great success story of our times. It is imbued with the spirit of "can do it". My best wishes for the future growth of this magnificent national enterprise"*

*- Dr. Manmohan Singh, Hon'ble Prime Minister*

*Flagship company of our ministry, NTPC limited, has become a leader in the Indian Power sector ..... While conveying my deepest appreciation, I wish to congratulate you and your entire team for this remarkable achievement.*

*- Sh. Sushil Kr. Shinde, Hon'ble Union Minister of Power*

*"People with courage and endurance persevere even when the task is difficult" I could not think of a better description of NTPC and its people.*

*-Robert M. Bestani, Director General, Asian Development Bank*

## ***Power Producer of International Repute***

***The largest Indian power utility, NTPC has a vision to be one of the world's largest and best power utilities, powering India's growth***

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# **Thank you**

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### **DISCLAIMER**

**The information contained in this document relating to projections and estimates are forward looking statements based on existing laws & Regulations. Actual result may vary materially from those expressed or implied, depending upon economic conditions, government policies and other incidental factors. Any opinion expressed is given in good faith but is subject to change without notice. No liability is accepted whatsoever for any direct or consequential loss arising from the use of this documents.**