



Presentation
On Corporate Governance Practices in NTPC:
India's Largest Power Generating Company

By

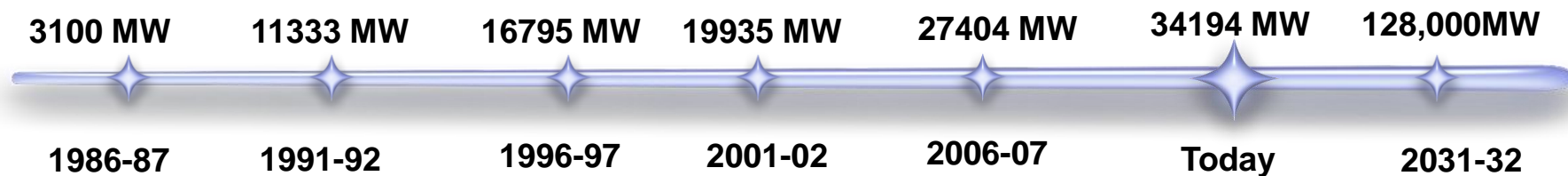
A K Rastogi
Company Secretary, NTPC



NTPC A Maharatna Company

NTPC limited

- A Profile



Corporate Vision:

**“To be the world’s
Largest and Best
power Producer,
Powering India’s
Growth”**

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**

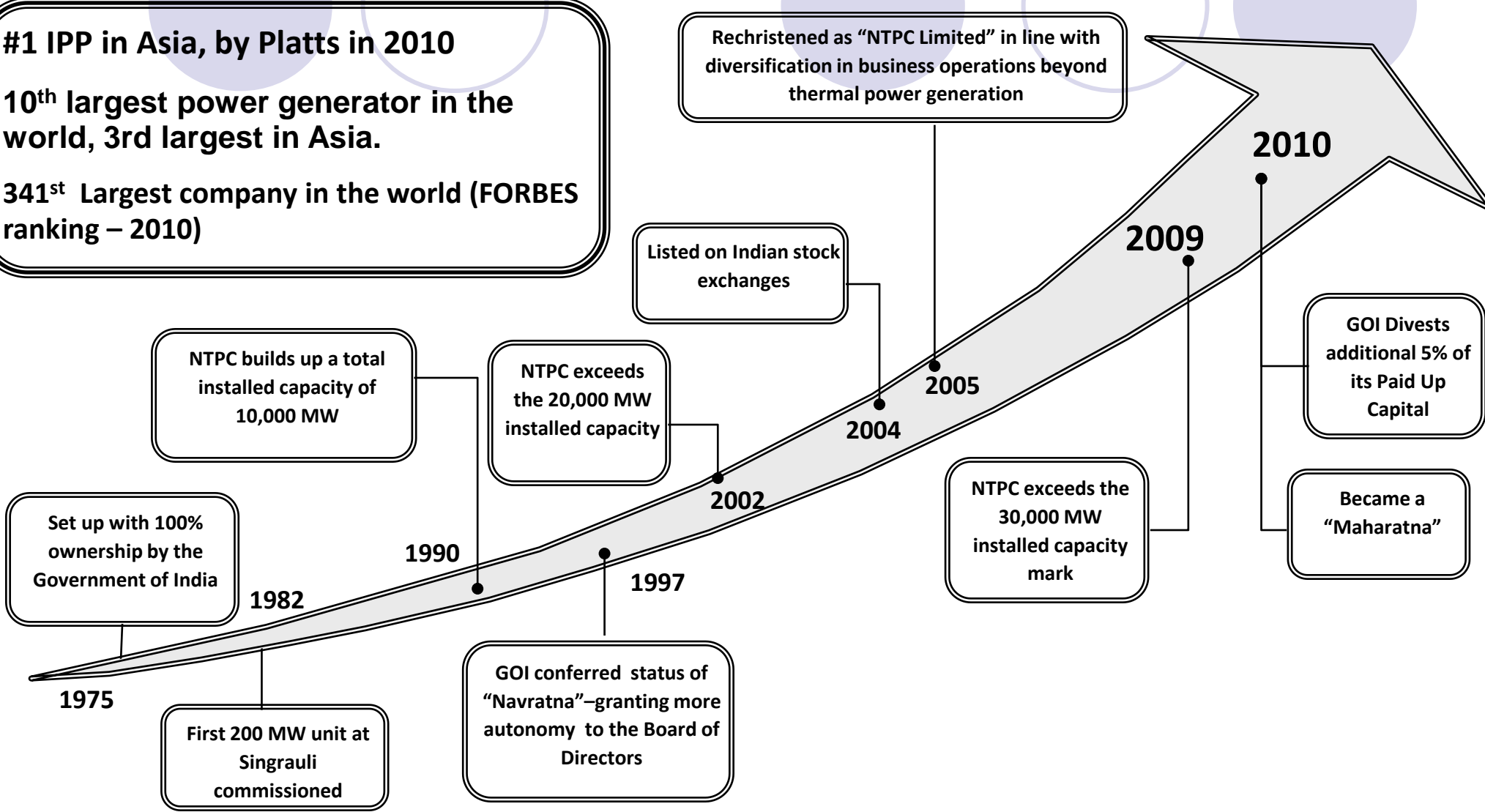


Journey so far

#1 IPP in Asia, by Platts in 2010

10th largest power generator in the world, 3rd largest in Asia.

341st Largest company in the world (FORBES ranking – 2010)



- 20 Coal Based and 8 Gas Based Projects
- Current Operating Capacity– 34,194 MW (Including JV of 3,364 MW)
- 14,748 MW Under Construction
- Largest generator in India contributing about 27% of India's generation with nearly 18% of capacity.
- Development of Coal Mines (6 mines allotted to NTPC and 2 mines to be developed in JV with CIL)
- One of the largest Indian companies with market cap of over INR 1,59,000 crore. (31.03.2011)
- Net worth of over Rs. 62,000 Crore
- Total Assets of over Rs. 1,12,000 Crore

Global Stature



1 independent power producer in Asia in 2010 (by Platts, a division of McGraw-Hill companies)

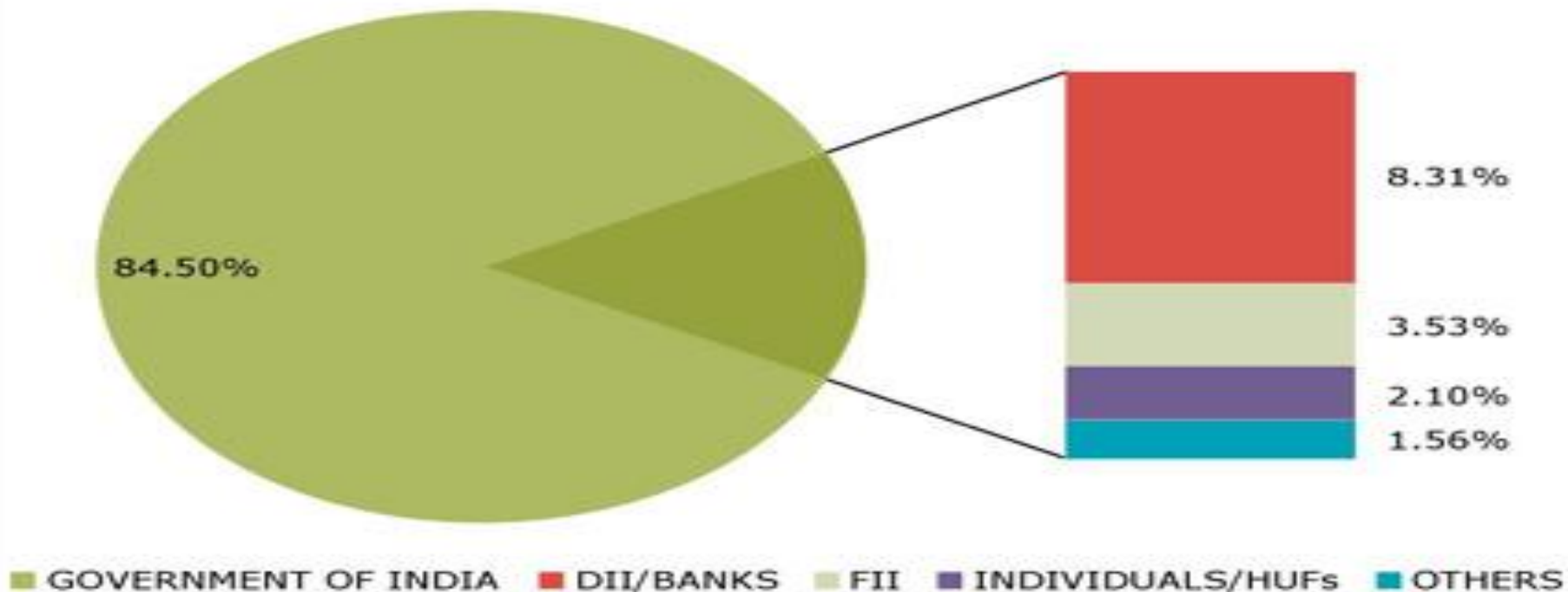


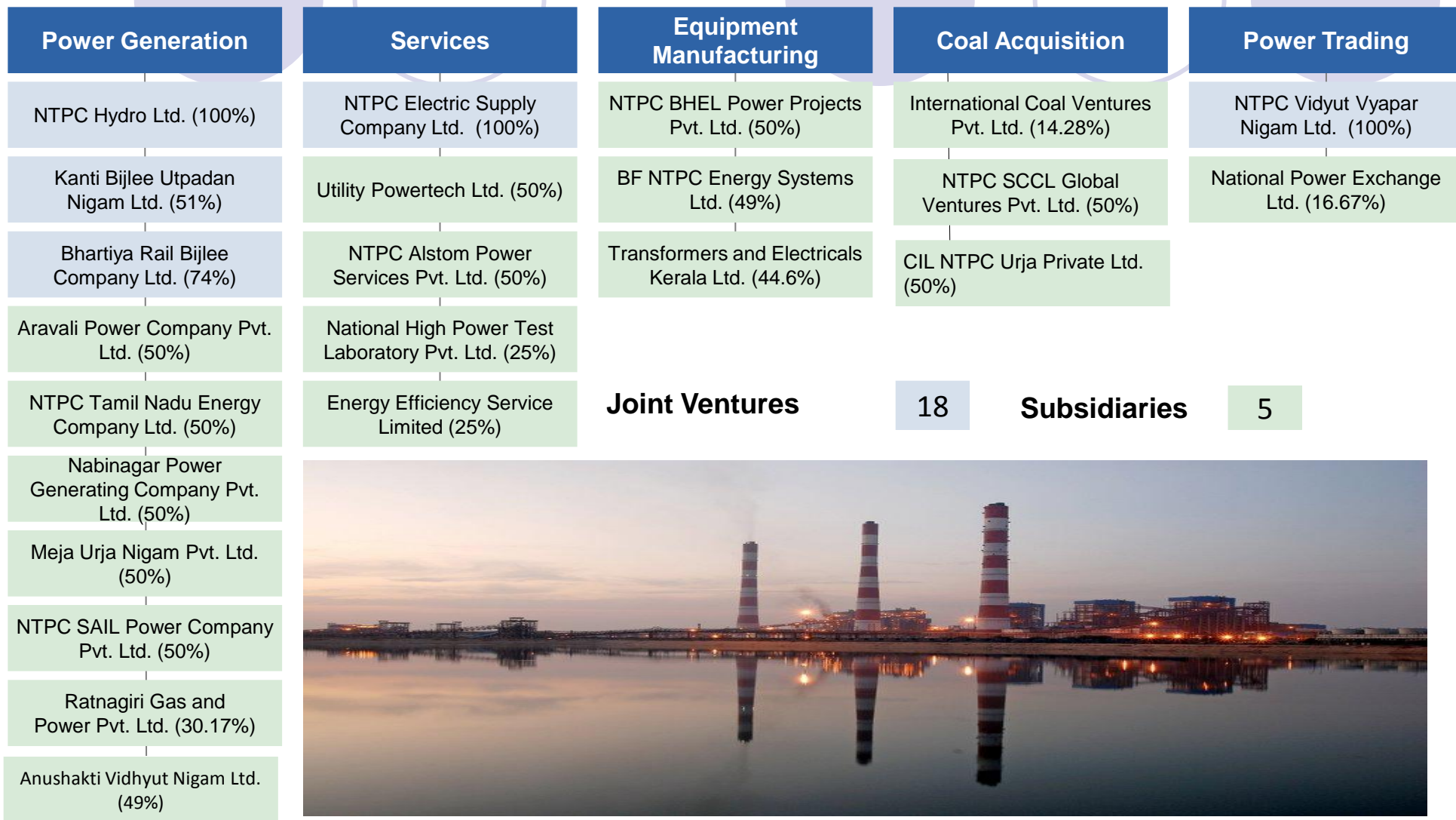
#1 Utility in Asia, 341st company in the world and 5th in India on the basis of Sales, Profit, Assets & Market value (Forbes-2000 ranking – 2010).

**10th largest generator in the world,
3rd largest in Asia.**

Ownership Structure

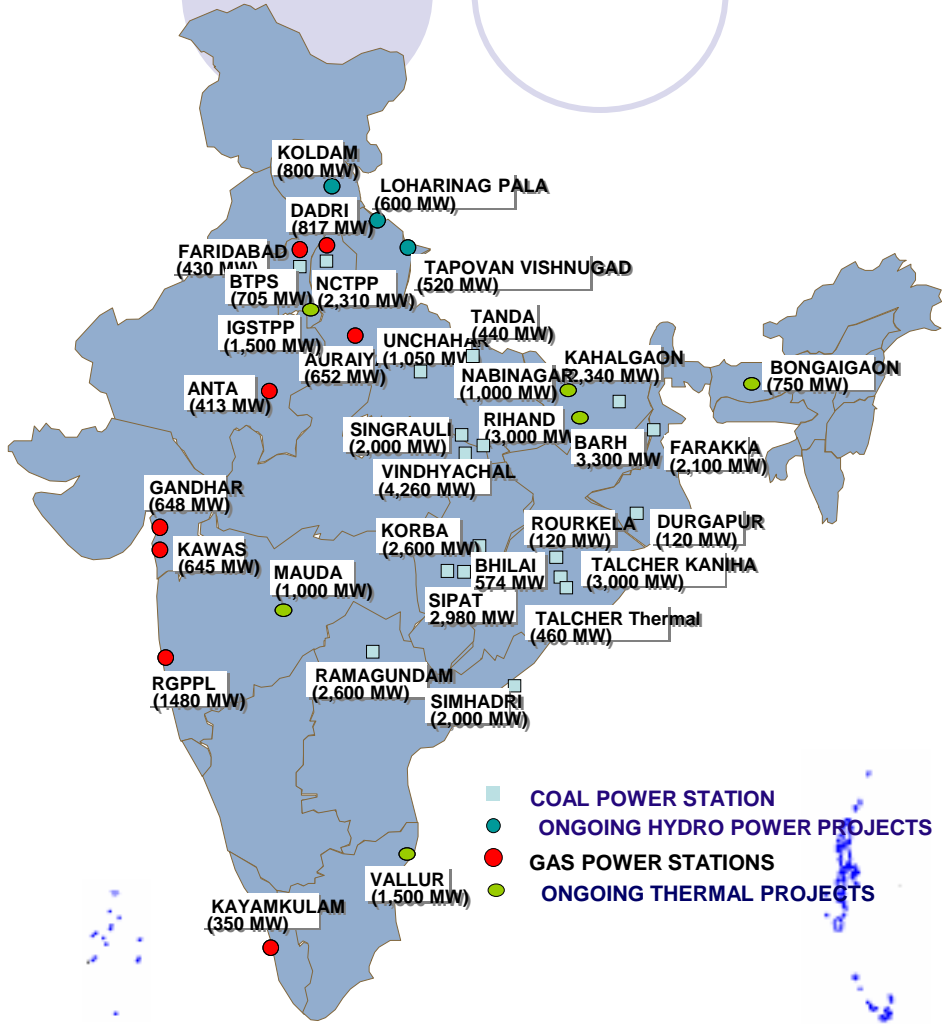
Shareholding Pattern as on 31.03.2011





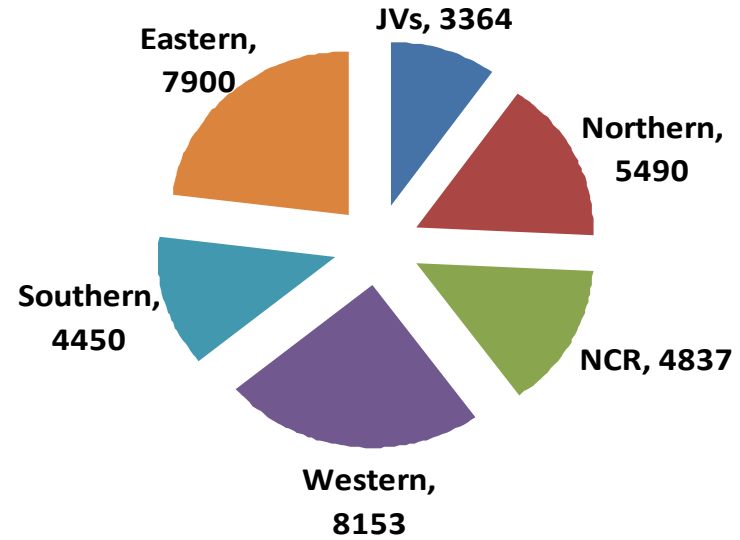
NTPC has set up subsidiaries and joint ventures to pursue its growth objectives

Pan India Presence



Note: Capacity includes capacity under construction; Map not to scale

Geographical spread of generating facilities

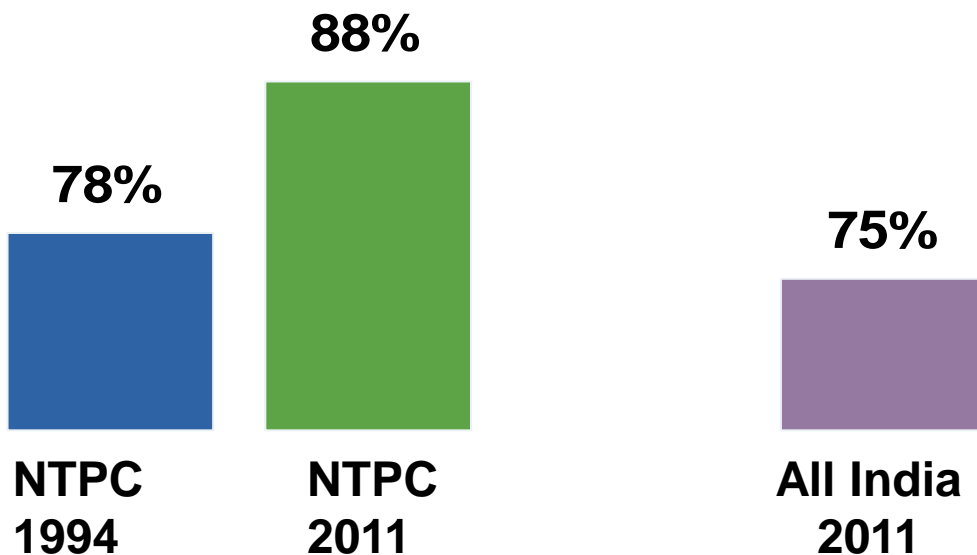


	No. of plants	Capacity MW
NTPC Owned		
Coal	15	26875
Gas/Liquid fuel	7	3955
Sub-Total	22	30830
Owned by JVs		
Coal & Gas	6	3364
Total	28	34194

Operational Excellence

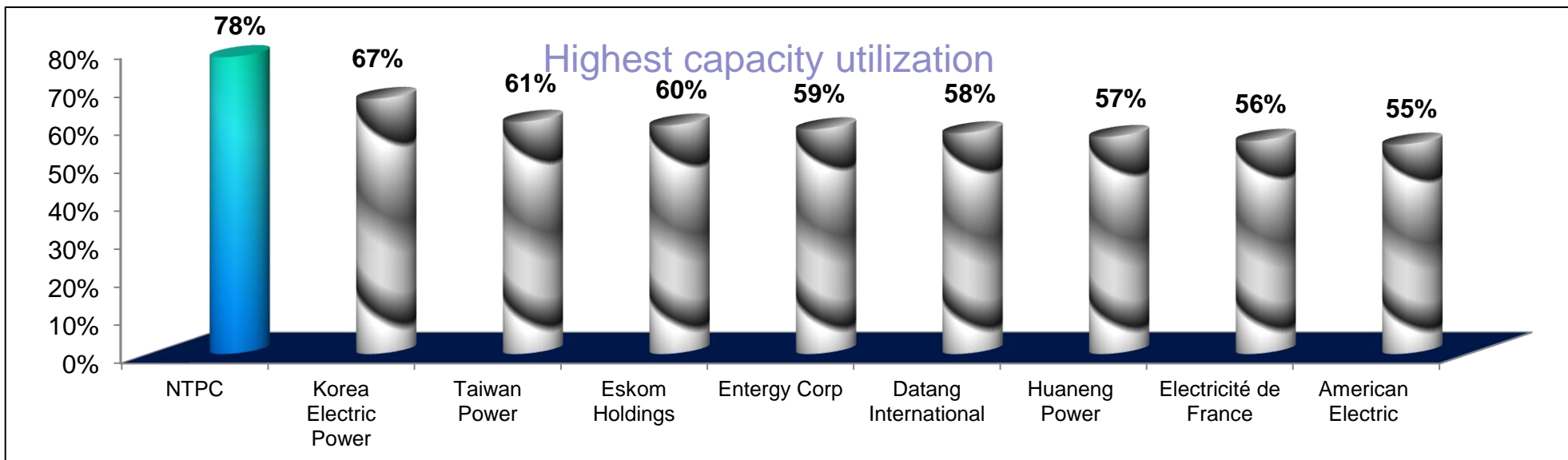
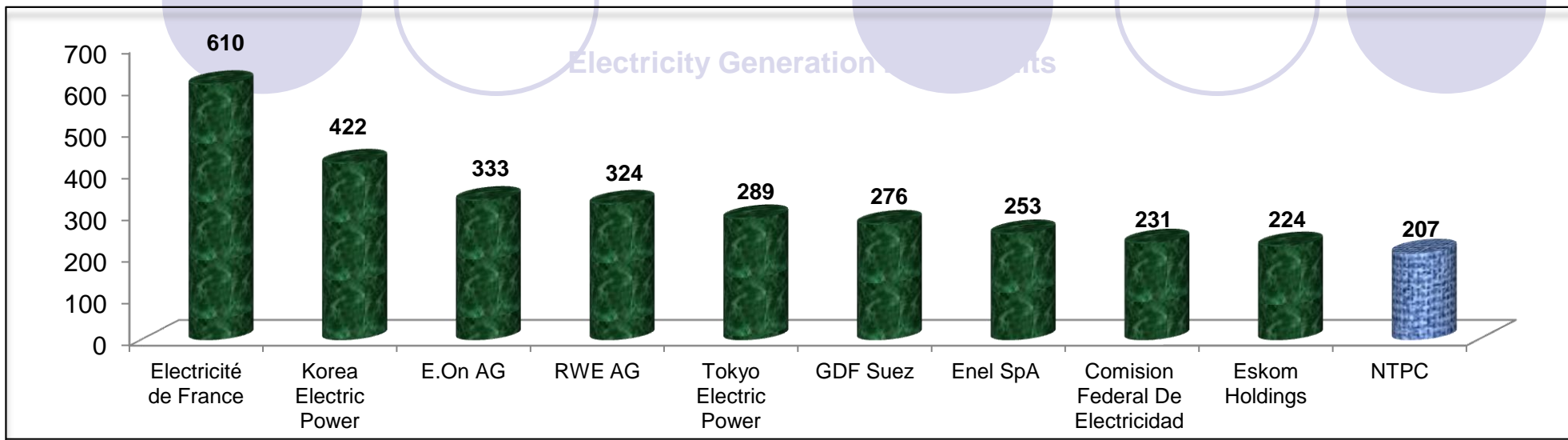
- **No. 1 in Capacity Utilization, globally.**
- Seven coal stations among country's top 10 in terms of PLF.
- Three plants operated at PLF of >95%
- Gas stations registered PLF of 71.77%

PLF OF COAL STATIONS



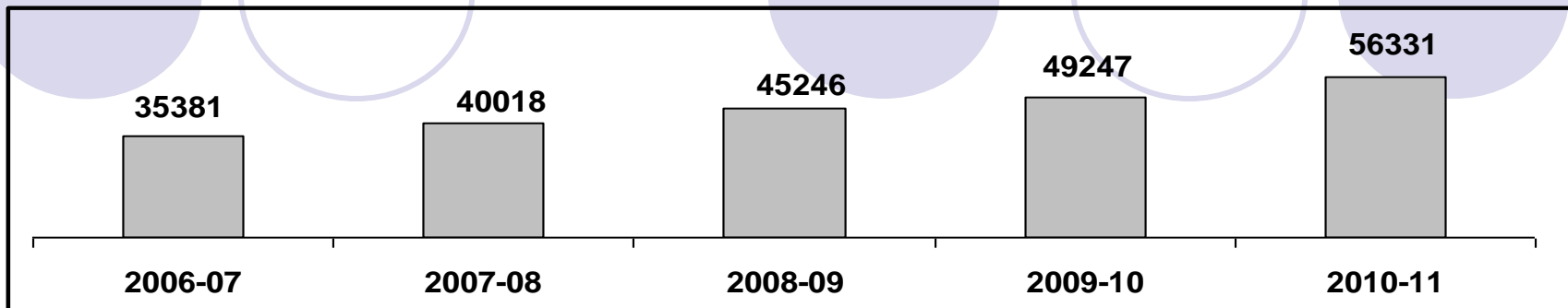
Singrauli Stage-I achieved best ever PLF of 101.11%

NTPC – Performing at global levels

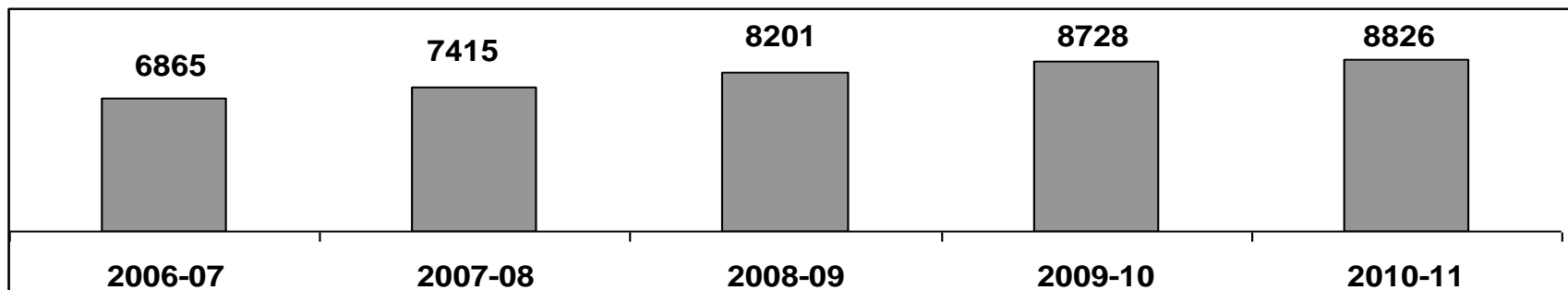


Financial Strength

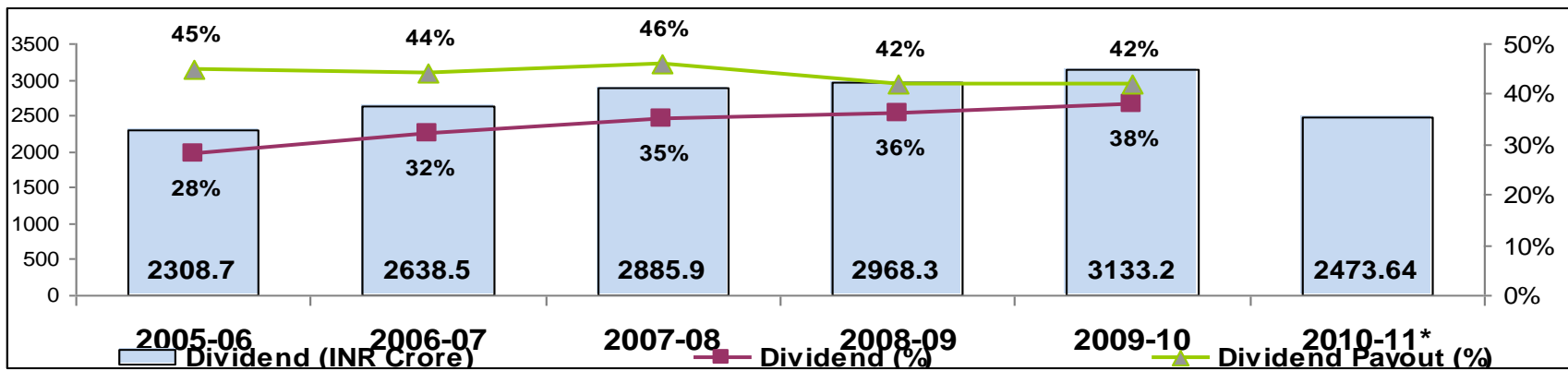
Total Income
(INR crore)



PAT
(INR crore)



Dividend Payout
(INR crore)



*- Interim Dividend

Human Capital Management

- Talent pool of ~25,000 employees
- Planned interventions at various stages of career
- Systematic training - 7 man days training per employee per year
- Power Management Institute (PMI) plays a pivotal role in individual and organizational learning.
- Leadership Development Centre to identify and groom potential leaders.
- Training Simulators for 660 MW / 500 MW / 200 MW coal and gas based plants



Featured amongst the Great Places to work in India for last six years consecutively

Exploring Global Opportunities

Bangladesh: MOU signed with Bangladesh Power Development Board (BPDB) for setting up a power plant in JV at Khulna. FR prepared and submitted to BPDB for approval..

As part of the MoU, NTPC is providing Consultancy to BPDB for improvement in their power sector including training to their personnel.

Sri Lanka: NTPC is setting up a 500 MW(2X250MW) coal based thermal power station in Trincomalee, Sri Lanka through a joint venture with Ceylon Electricity Board(CEB).

Bhutan: Amouchu Reservoir Storage Project (620 MW) in Bhutan has been allocated to NTPC for preparation of DPR.

NTPC is also pursuing for investment by Qatar in NTPC's Gas based Power Projects.

Dubai: A representative office is functioning in Dubai since November 2006 for marketing of its services in Middle-East region.

An Integrated and Diversified Power Major

Related diversification

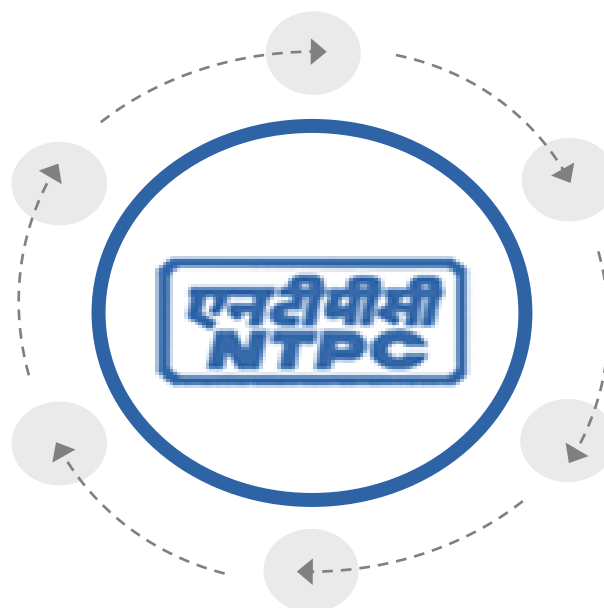
- Equipment manufacturing
 - With BHEL; Bharat Forge
 - Stake in TELK
- R&M of Power stations

Diversifying business mix

- Power trading - NVVN
- Power distribution - NESCL

Globalisation

- Setting up of power plants abroad
- International consultancy



Diversifying fuel mix

- Hydro
- Nuclear
- Renewable Energy

Captive fuel supply

- Six coal mine blocks allocated
- JV with Coal India for two coal blocks

“ NTPC IS A GREAT SUCCESS STORY OF OUR TIMES. IT IS IMBUEWED WITH THE SPIRIT OF “CAN DO IT”. MY BEST WISHES FOR THIS MAGNIFICENT NATIONAL ENTERPRISE.”

- HON'BLE PRIME MINISTER OF INDIA
DR MANMOHAN SINGH

During his visit to RGCCPP, Kayamkulam (Kerala) on 16th February 2005

Consistent Independent Recognition of NTPC's Excellence

Leading Power Company	Corporate Excellence	Project Management	Corporate Finance	Corporate Governance	Environment Management			
 <p>PLATTS TOP 250 GLOBAL ENERGY COMPANY 2009</p>	 <p>IEEMA POWER AWARD 2008</p>	 <p>Dun & Bradstreet American Express Corporate Award</p>	 <p>SCOPE Excellence Award</p>	 <p>IPMA AWARD 2005 & 2008</p>	 <p>Best CFO ICAI AWARD</p>	 <p>ICSI National Award For Excellence in Corporate Governance 2009</p>	 <p>CII - ITC SUSTAINABILITY AWARD 2008</p>	 <p>Greentech Environment Excellence Award 2007</p>

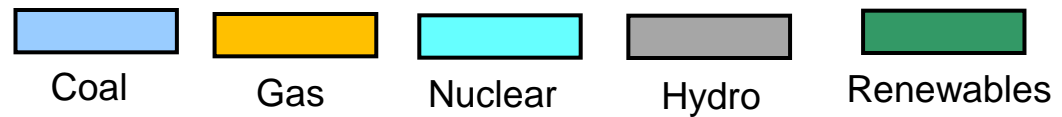
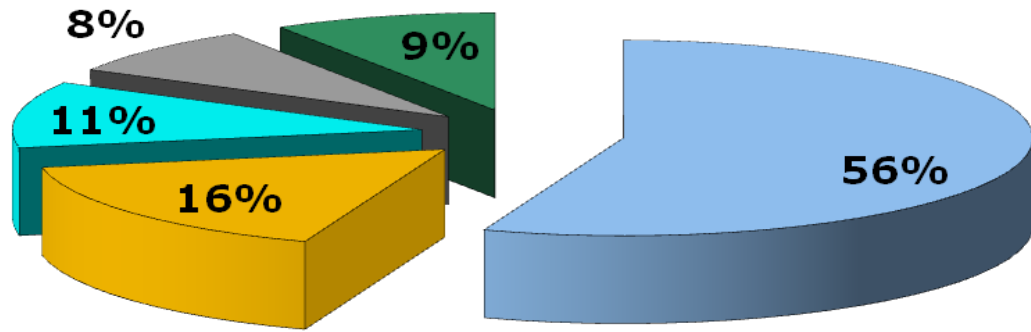
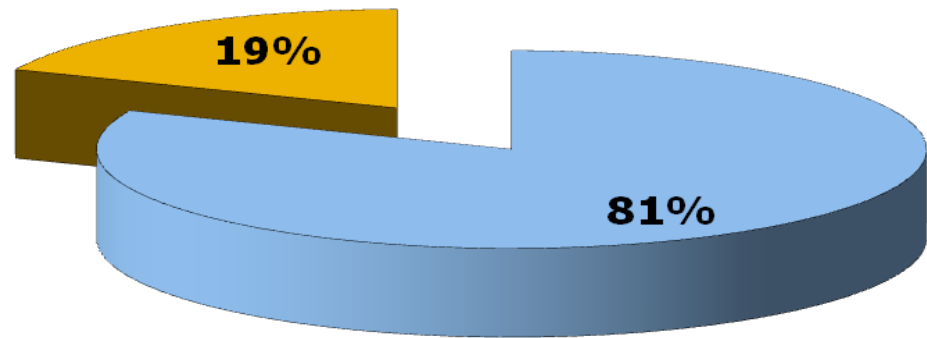


By 2032, NTPC targets a capacity of 128 GW with 28% capacity from non-fossil sources

2011
~ 34 GW



2032
~ 128 GW



Corporate Governance in NTPC

Embedded in NTPC's
DNA

Our Philosophy on Corporate Governance

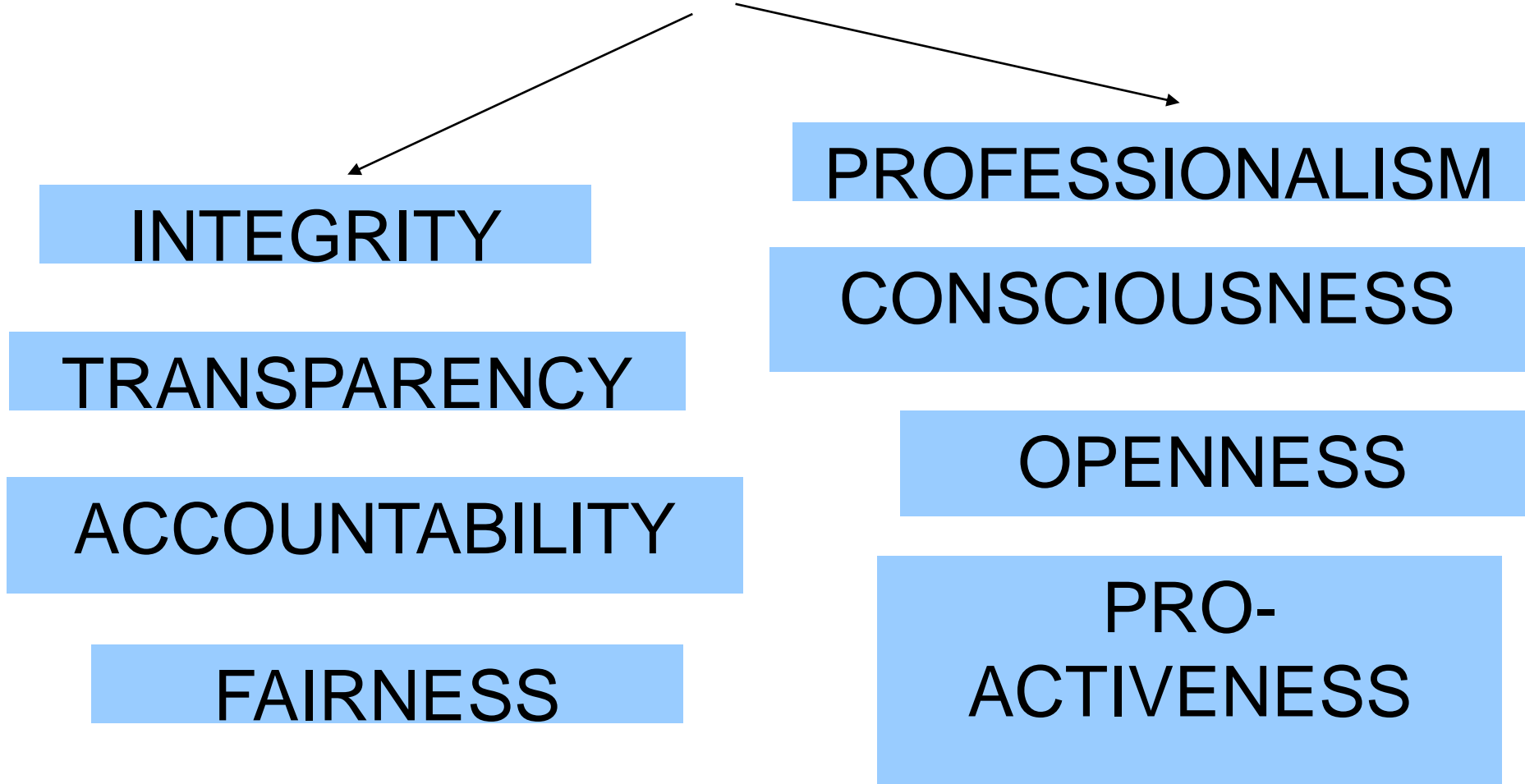
- In our Company, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence
- We believe in system driven performance and performance oriented systems

**Fully Complying with the Corporate Governance norms prescribed by
SEBI**



Corporate Governance in NTPC - Principles

Enhancement of Stakeholders value



Sound Management Systems

- **Well defined Delegation of Power**
- **Contract Systems – Supported by Works & Procurement Policy**
- **Engineering & Project Management Systems**
- **Financial Systems having Internal checks & balances**
- **Three tier Audit System**
 - **Internal Audit to check efficacy of internal controls**
 - **Statutory Audit**
 - **Government Audit – Proprietary audit**

Sound Corporate Governance Practices

Fully Compliant with Clause 49 (Corporate Governance) of Listing Agreement

Management Oversight Various Committees of the Board

- Audit Committee of independent Directors oversees Financial Reporting
- Committee on Management Controls review & Monitor management Control System
- Project Sub-committee for approving FRs, investment decisions.
- Committee for Controls for award of large value contracts
- Investors Grievance Committee for expeditious handling of investors Complaints
- Recently constituted Remuneration Committee consisting of 3 independent director and one govt. nominee director

Composition of Board of Directors:

- 7 Full Time Directors
- 2 Govt. Nominee Directors
- 9 Independent Directors

Accountability of the Board to the stakeholders

- Well established system of appraisal of Directors performance by Ministry of Power
- Well established PMS for employees at all levels.

Balanced Disclosures

- Transparency of Operations
- All important events/ happenings/ material decisions are disclosed on Company's website & to Stock Exchanges

Enterprise wide Risk Management Framework

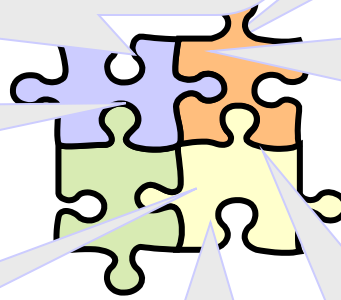
- Well developed risk portfolio
- ERM: Consisting of 24 Executive Directors in place –meets regularly
- Focus on mitigating top risks

Controls over Operations

- Subject to 3 audits
 - Independent Audit by C&AG
 - Independent audit by Statutory Auditors
 - Internal Audit

Internal Control Framework on Financial Reporting

- Elaborate Framework consisting of Key controls drawn up and implemented at all 40 units
- Gap Tracking Reports are reviewed by Management.
- Test of operating effectiveness of key controls conducted by Audit Department



Our Governance Structure :

Management oversight through various committees of the Board

Board of Directors

Audit Committee

Comprises of only Non-executive Directors majority of them being Independent for overseeing financial reporting and compliances

Committee on Management Controls

Review and monitoring of management control systems

Committee for Projects

Approvals for feasibility reports for new projects and investment decisions

Committees For Contracts

Award of contracts of large values

Other committees of the Board

- Committee for allotment / post-allotment activities of Securities
- Shareholders / Grievances Committee
- Investment / Contribution Committee
- Remuneration committee:

Group of Directors

Some of the Group of Directors Constituted by the Company is as follows:

1. Group of Directors for Corporate Social Responsibility

Constitution: 3 functional Directors & one Independent Director

2. Group of Directors for DPE Guidelines for revision in Pay scales

Constitution: 4 functional Director, two Govt. Nominee & two independent Director

3. Group of Directors for appointment of Mine Operator/ Developer:

Constitution: 3 independent Director and 1 functional Director

4. Group of Directors for Vigilance Matters

Constitution: 2 functional Director, one Govt. Nominee & one independent Director

5. Group of Directors for Non-Vigilance Matters


Constitution: 2 functional Director, one Govt. Nominee & one independent Director

Issues for Corporate Governance in CPSUs

- Separation of Ownership and Management functions is essential for good corporate governance. In India, Govt. is gradually providing independence to the PSUs in decision making moving towards separation of management functions and ownership functions.
- Dept. of Public Enterprise, Govt. of India has laid down broad policy guidelines, under which CPSUs can operate without any interference from the Govt.

Corporate Governance

- With a view to facilitate expansion of CPSUs both in domestic as well as global markets, Govt. of India has delegated enhanced Powers has been delegated to Maharatna Companies. Under Maharatna Powers the Board of Directors had been delegated enhanced Powers in various areas. Some of these powers are :
 1. To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

- 
- A decorative horizontal row of five circles is positioned at the top of the slide. From left to right, the circles are: a solid light purple circle, an empty light purple circle outline, a solid light purple circle, an empty light purple circle outline, and a solid light purple circle.
- To enter into technology joint ventures or strategic alliances
 - To effect organizational restructuring including establishment of profit centers, opening of offices India / abroad, creating new activity centers, etc.
 - To make equity investment to establish financial joint ventures and wholly owned subsidiaries and undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the net worth of the concerned CPSE, limited to Rs. 5,000 crore in one project.

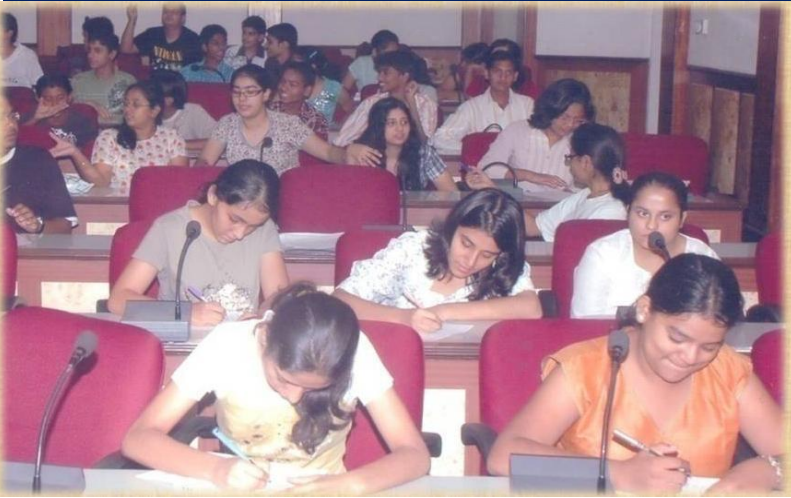
Corporate Social Responsibility:

An attempt to reach the grass root of the Society



“ अब हम भी पंचवीं पाछ हैं ”

एनटीपीसी कोरवा की मैत्री महिला समिति द्वारा चलाये जा रहे 6 प्रौढ शिक्षा केन्द्रों के माध्यम से 19 प्रत्याशियों ने पंचवी कक्षा उत्तीर्ण की है। इन केन्द्रों में 300 से अधिक महिलाएँ शिक्षा ग्रहण कर रही हैं।



Corporate Social Responsibility

- **NTPC HAS FRAMED CORPORATE SOCIAL RESPONSIBILITY GUIDELINES COMMITTING UP TO RS 17 CRORE ANNUALLY FOR COMMUNITY WELFARE MEASURES ON PERENNIAL BASIS.**
- **NTPC FOUNDATION FORMED TO ADDRESS SOCIAL ISSUES AT NATIONAL LEVEL. IT PROVIDES LOANS / TRAINING / MEDICAL TREATMENT TO PHYSICALLY CHALLENGED PERSONS AND ECONOMICALLY WEAKER SECTIONS.**
- **THE WELFARE OF PROJECT AFFECTED PERSONS AND THE LOCAL POPULATION AROUND NTPC PROJECTS IS TAKEN CARE OF THROUGH WELL DRAWN REHABILITATION AND RESETTLEMENT POLICIES.**
- **PROVIDING OFF GRID CONNECTIVITY TO VILLAGES THROUGH DISTRIBUTED GENERATION.**

Corporate Social Responsibility -New Initiatives

- **NTPC HAS EMBARKED UPON AN INITIATIVE TO ADOPT ITIs IN THE VICINITY OF ITS PLANTS.**
 - BOARD APPROVAL FOR SETTING UP 5 NEW ITI'S AT RIHAND, NORTH KARANPURA, SIPAT, PAKRI BARWADIH & NABINAGAR
 - DEVELOPMENT WORK BEING UNDERTAKEN TO RENOVATE 15 EXISTING ITI'S. FUNDS SANCTIONED FOR 12 AND EXPECTED FOR BALANCE.
- **SUPPORT OF RS 14.7 CRORE COMMITTED FOR SETTING UP A POLYTECHNIC AT KALADHUNGI IN UTTARAKHAND**
- **GRANT PROVIDED TO HYDERABAD EYE RESEARCH FOUNDATION FOR THREE SPECIALIZED EYE CENTERS AT BHUBANESWAR EYE HOSPITAL**
- **PROVIDING SPONSORSHIP TO CANDIDATES FOR ITI TRAINING AT RECOGNIZED PRIVATE ITIs IN THE TRADES OF WELDER, FITTER, INSTRUMENT MECHANIC AND ELECTRICIAN. CLOSE TO 750 VILLAGE YOUTH SPONSORED FOR ITI TRAINING IN VARIOUS TRADES.**
- **SUPPORT BEING PROVIDED FOR CONSERVATION OF SELECTED NATIONAL MONUMENTS IN ASSOCIATION WITH ASI.**

New Initiatives in Corporate Governance

- **Customer Satisfaction Index:** NTPC has developed a Customer Satisfaction Index (CSI). All Regions have been covered during the year 2008-09 under CSI and we are in the process of further refining this Index on the basis of feedback received from our customer utilities.
- **Strategic Management Group:** NTPC has constituted a Strategic Management Group to brainstorm on key strategic issues on a regular basis and provide suitable direction. The Group includes the Chairman & Managing Director, all Functional Directors, all Regional Executive Directors, Executive Directors heading various strategic functions and other heads of strategic functions.

New Initiatives in Corporate Governance

- **Setting up Business Intelligence Group:** NTPC has set up a Business Intelligence Group in the Corporate Planning Division of the Company to track and investigate changes in the market place which may impact our business.
- **District Disability Rehabilitation Centre:** NTPC has also set up District Disability Rehabilitation Centre in collaboration with National Institute for the Orthopaedically Handicapped (NIOH) at NTPC-Tanda which is serving the beneficiaries in nearby areas.
- **DOT Centres:** NTPC is running **Directly Observable Treatment Centres (DOTs)** in its hospitals at 10 power stations to take care of tuberculosis patients in the vicinity of 25 km radius of these stations.

New Initiatives in Corporate Governance

- **Corporate Sustainability Report:** NTPC is in the process of completing its 'Corporate Sustainability Report' with the 'Triple Bottom Line' approach of covering economic, environmental and social aspects. The reports have been compiled for 20 stations for the year 2007-08 and are being put together for the Corporate Report.
- **Risk Management :** NTPC has set up a very sound enterprise-wide risk management framework under which an Enterprise-Wide Risk Management Committee consisting of 24 Executive Directors who represent the entire spectrum of your Company's business areas and concerns meet regularly to focus on identifying and mitigating enterprise risk.

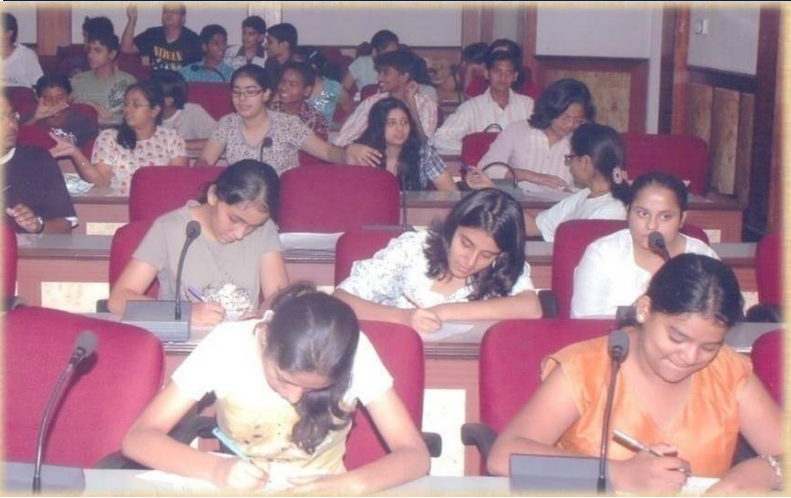
Corporate Social Responsibility:

An attempt to reach the grass root of the Society



“ अब हम भी पंचवीं पाछ हैं ”

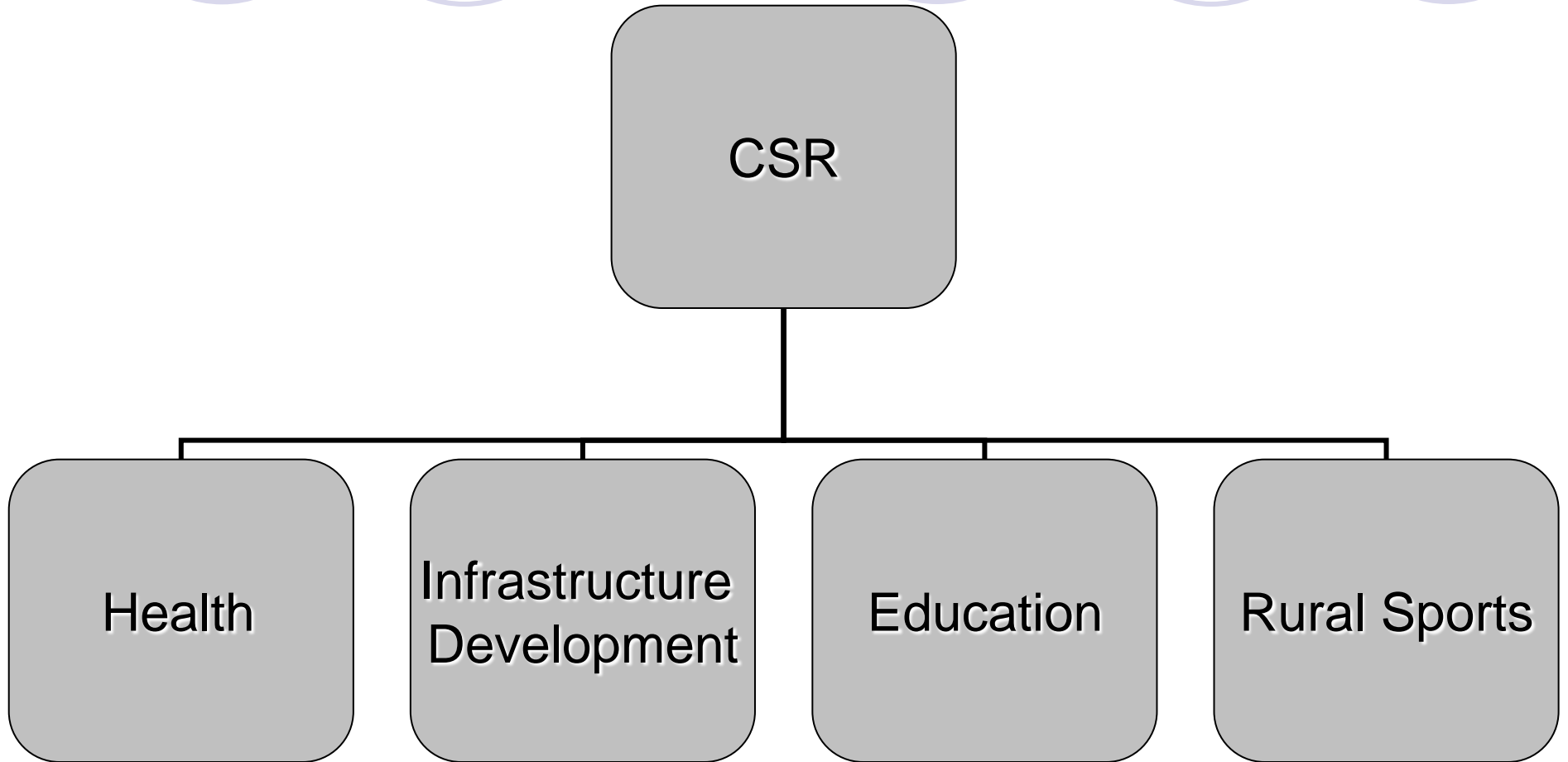
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Corporate Social Responsibility

- **NTPC has framed corporate social responsibility guidelines committing up to Rs. 17 crore annually for community welfare measures on perennial basis.**
- **NTPC Foundation: A trust formed to address social issues at national level. It provides loans / training / medical treatment to physically challenged persons and economically weaker sections.**
- **Company has framed a CSR- Community Development Policy to guide the Company in its efforts towards Corporate Social Responsibility.**

Corporate Social Responsibility - Initiatives



Corporate Social Responsibility -New Initiatives

- **Promotion of Employability: Adopted 18 it is and starting 8 new it is at various Locations to train people**
- **NTPC Foundation established Information & Communication Technology Centre (ICT) at University of Delhi, Lucknow, Ajmer, Thiruvananthapuram and Mysore**
- **NTPC has signed MOU with Archeological Survey of India and National Culture Fund (NCF) to provide financial support for conservation of three sites in MP, Uuttarakhand and Orissa.**

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THANK YOU