

निवेशक पुस्तिका
Investor Handbook

Enriching
Your
Investments



Our Vision

"To be one of the world's largest
and best power utilities, powering
India's growth"

Our Core Values (COMIT)

- **C**ustomer Focus
- **O**rganisational Pride
- **M**utual Respect and Trust
- **I**nitiative and Speed
- **T**otal Quality



NTPC's Flagship Project - Singrauli

Investor Handbook

The object of this “Handbook” is to give a brief synopsis of your rights as investor and will act as a guide in familiarising you with the procedure relating to transfer of the shares and the remedies available to resolve the problems, which you may encounter while dealing in securities.

Our contact details are furnished at the end of the Handbook.

DISCLAIMER

This handbook is a resource for informational purposes only and is intended, but not promised or guaranteed, to be correct, complete, and up-to-date. NTPC, its directors or officers do not warrant that the information contained in this handbook is accurate or complete, and hereby disclaims any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause. NTPC, its directors or officers further assumes no liability for the interpretation and/or use of the information contained in the handbook.

Readers are requested to refer to the specific acts, rules and regulations for exact details and clarifications and are reminded that this handbook does not purport to explain the laws or rules in force, with respect to any particular fact pattern. Answers to questions involving particular facts depend upon interpretations, administrative decisions and court verdict.

Date: 16th May 2005

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1. CORPORATE GOVERNANCE PHILOSOPHY

"As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."

2. SHAREHOLDERS' RIGHTS AS PER STATUTES

2.1 Rights as per Companies Act, 1956

As a shareholder, you enjoy certain rights in your individual capacity under the Companies Act, 1956 which are as follows:

- 2.1.1 To receive corporate benefits like rights [Section 81], bonus etc. once approved
- 2.1.2 To transfer the shares subject to the provisions of the Companies Act and Articles of Association [Section 82]
- 2.1.3 The right to vote in General Meetings of the company [Section 87]
- 2.1.4 To nominate a person to whom the shares in the Company shall vest in the event of death [Section 109A]
- 2.1.5 To receive the share certificates, on allotment or transfer if opted for transaction in the physical form, as the case may be in due time [Section 113]
- 2.1.6 To make an application to Central Government to call or direct the calling of Annual General Meeting [Section 167]
- 2.1.7 To participate and vote in General Meetings either personally or through proxies [Section 176/177]
- 2.1.8 To inspect the minute book of the General Meetings and to receive copies thereof [Section 196]
- 2.1.9 To receive dividends in due time once approved in General Meetings [Section 205]
- 2.1.10 To receive notice of the General Meetings [Section 172] and copies of the Annual Report containing the Balance Sheet and the Profit and Loss Account and the Auditor's Report [Section 219]

2.2 Besides the above rights, you also enjoy the following rights collectively as a group of shareholders.

- 2.2.1 The right to requisition an Extraordinary General

Meeting of the company or to be a party to joint requisition [Sec. 169].

- 2.2.2 To demand a poll on any resolution [Section 179]
- 2.2.3 To apply to the Company Law Board/ Tribunal to investigate the affairs of the company [Section 235]
- 2.2.4 To apply to the Company Law Board / Tribunal for relief in cases of oppression and/or mismanagement [Section 397/398]

2.3 Rights of Information under Listing Agreements with the Stock Exchanges

Every listed company is required to execute Listing Agreement with such Stock Exchanges in which the securities of the Company are listed. Your company's shares are listed with National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE). Listing Agreement has been executed with both NSE and BSE. As per the Listing Agreement following information is to be made available to the shareholder in the Corporate Governance report annexed to the Company's Annual Report: -

- 2.3.1 A brief statement on Company's philosophy on Corporate Governance

2.3.2 Composition of the Board

- a. Composition and combination of Directors including executive, non-executive, independent non-executive and nominee Director of financial institutions.
- b. Directors' compensation.
- c. Number of Board meetings held and the dates on which held.
- d. Number of other Boards or Board Committees, where a Director is a member or Chairperson.
- e. Code of conduct for Board members and senior management.

2.3.3 Audit Committee

- a. Composition, name of members and Chairperson
- b. Meetings during the year
- c. Powers of the Audit Committee.
- d. Role of the Audit Committee, which inter-alia includes mandatory review by Audit Committee of information

such as management discussion & analysis of financial conditions and results of operation, significant related party transactions, internal control weaknesses stated in internal audit report as well as pointed out by statutory auditors etc.

2.3.4 Board of Directors of material non- listed subsidiary companies

- a. Composition of the Board of Directors
- b. Audit Committee of the holding company's review of financial conditions and results of operation of the Subsidiary Companies
- c. The review of the minutes by the Board of Directors of holding company

2.3.5 Important Disclosures

- 2.3.5.1 Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the Directors or the management of their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.
- 2.3.5.2 Any differential treatment from the prescribed accounting standards together with Management's explanation.
- 2.3.5.3 Application of funds raised through an issue (public/rights/preferential, etc.) for purposes other than those stated in Offer document/prospectus/notice.
- 2.3.5.4 All pecuniary relationship or transactions vis-a-vis the Company and the remuneration of Directors shall be disclosed in the Annual Report.
- 2.3.5.5 Shareholders shall have access to Management Discussion and Analysis Report containing discussion on matters like Industry structure and developments, Opportunities and Threats, Performance, Outlook, Risks and Concerns, Internal Control systems, material development in Human Resources/Industrial Relations.
- 2.3.5.6 In case of the appointment of a new Director or re-appointment of a Director you have a right to the following information:
 - a. A brief resume of the Director;
 - b. Nature of his expertise in specific functional areas; and
 - c. Names of companies in which the person also holds

the directorship and the membership of Committees of the Board of those companies

d. Shareholding of non-executive Directors

2.3.5.7 Shareholders will have access to information like quarterly results, presentation made by companies to analysts shall be put on company's web-site, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.

2.3.5.8 The Annual Report of the Company through a separate section on Corporate Governance needs to disclose compliances with respect to Listing Agreement.

It would be in the interest of the investors to keep themselves updated from time to time about their rights.

3. VOTING RIGHTS

3.1 Even though the Depository is entered as registered owner in Company's books, yet you as a beneficial owner shall be entitled to all the rights and benefits including the voting rights as provided in Companies Act, 1956.

3.2 You will have votes in proportion to your share in paid up equity capital of the company. However, your voting rights can be revoked if you do not make payment of calls or other sums due against you or where the company has exercised the right of lien on your shares.

3.3 Every Resolution shall, in the first instance, be put to vote on a show of hands. In case of vote on a Resolution on a show of hands, you will have only one vote irrespective of the number of shares held by you. On a poll, you shall have votes in proportion to your share in the paid up equity capital of the company.

3.4 You are entitled to appoint a Proxy to attend and vote and the proxy need not be a shareholder/member. While a Proxy cannot speak at the Meeting, he has the right to demand or join in the demand for a poll. The proxy form shall be sent to you along with the notice of the General Meeting.

3.5 There are certain prescribed items of businesses in which you may vote on the resolutions through Postal Ballot. There will be a note below the notice of General Meeting for understanding of members that the transactions at serial number(s) require your consent through Postal Ballot.

4. CORPORATE BENEFITS

You are entitled to various rights and benefits in respect of your shares given as under :

- 4.1 The Company through Corporate Actions executes corporate benefits such as payments of Dividend, issue of Bonus Shares, etc. These Corporate Actions are always linked to prescribing dates for Book Closure period, Record dates and such other action from time to time. These actions are announced in leading newspapers and are also intimated to Stock Exchanges.
- 4.2 For the purpose of dividend payment, depository gives a list of beneficial owners as of the record/book closure date to the RTA and RTA shall directly forward dividend payment to all beneficiary owners as per the list.
- 4.3 In case of unsettled transfers, the corporate benefits shall be kept in abeyance till the beneficiary ownership is determined and provided by the Depository. After determination of the beneficial owners, the RTA shall distribute the benefits.
- 4.4 SEBI has issued a circular (DCC/FITTCIR-3/2001 dated 15th October 2001) to the effect that payment of dividend shall be made by all Companies through Electronic Clearing Services (ECS) facility wherever available .ECS is a method of bulk payment whereby Company can directly deposit dividend into your bank accounts without having to issue paper instruments. You will have following benefits due to ECS facility:
 - Timely receipt of dividend without any effort i.e. no need for visiting the bank for depositing the dividend warrant
 - Loss of dividend warrant in transit or fraudulent encashment thereof is avoided
- 4.5 For the purpose of ECS facility, your bank details as available with Depositories, namely, NSDL and CDSL shall be used. It is, therefore, important that any change in the bank details are immediately notified to your DP.
- 4.6 Dividend payment will be through dividend warrants at such Investors locations, which are not covered by ECS facility. Dividend warrants shall bear the bank account number as provided by your DP and the same shall be dispatched at your address as furnished by you to your DP. Accordingly, in case of any change, you are requested to update your bank details, change of address etc. by notifying your DP.

- 4.7 In case of physical shareholding consequent to rematerialisation, in order to protect your interest against any fraudulent interception and encashment of your Dividend Warrants, we earnestly request you to provide your Bank A/c number and Bank particulars, if not already given, to enable us to incorporate the same in your Dividend Warrants.
- 4.8 As per the provisions of the Income Tax Act, 1961, and the rules made there under, at present tax at source will not be deducted from the Dividend payment. Therefore, you are not required to submit Form No. 15 G for exemption towards deduction of tax at source from Dividend Income.
- 4.9 As per the Statutory provisions, unclaimed/unpaid dividends has to be transferred by the Company to a separate bank account after expiry of 30 days from the date of declaration of dividend and the amount remaining unclaimed/unpaid for a period of seven years, are required to be transferred to the Investor Education and Protection Fund.

5. EVENT CALENDAR

EVENTS

Book Closure Dates	will be notified
Annual General Meeting	will be notified
Dividend Payment Date	will be notified

FINANCIAL CALENDAR

➤ Quarter Ending June	29 th July
➤ Quarter Ending September	28 th October
➤ Quarter Ending December	28 th January
➤ Quarter Ending March	will be notified

All other important, events and Corporate announcements shall be announced by the Company and posted on company's web site (www.ntpc.co.in)

6. DEPOSITORY SYSTEM

6.1 Concept of Depository System

Depository system essentially aims at eliminating the voluminous and cumbersome paper work involved in the scrip-based system and offers scope for 'paperless' trading through state-of-the-art technology.

Depository Act, 1996 provides for multiple depositories model. Depositories are essentially public institutions providing services to the market participants and investors. National Security Depository Ltd. (NSDL) came into being in November 1996 as IDBI, UTI and NSE in accordance with the Rules and Regulations framed by SEBI promoted the first depository in the country. The other depository in the country is Central Depository Services Ltd. (CDSL) promoted by Stock Exchange, Mumbai.

In a Depository System, securities are held in securities (depository) accounts, which is more or less similar to holding funds in bank accounts. It facilitates transactions in securities including transfers electronically without involving any physical instrument including transfer deed. Therefore, this method facilitates hassle free dealing in securities without any paper work, consequently reducing the cost of transaction.

It enables conversion of physical securities in electronic form through a process of 'dematerialisation' (also known as 'demat') of share certificates and offers option for reconvertng from electronic form to physical or paper form through a process of 'rematerialisation' (also known as 'remat').

6.2 Constituents of Depository System

Depository (NSDL/ CDSL)
Depository Participants (DPs)
Registrar & Transfer Agents (RTA)
Investors/Shareholders

6.3 Role of Depository

The Depositories, namely, NSDL and CDSL hold the securities/ shares of investors in electronic form. The activities of NSDL and CDSL are carried out through Depository Participants, Issuer Companies and their RTAs, Clearing Corporations, Brokers etc. Depositories are electronically linked to these business partners. Depositories provide following services: -

- a. Maintains shareholders' holdings in electronic form
- b. Effects settlement of shares traded in demat mode on the stock exchanges

- c. Carry out settlement of trades not done on the stock exchanges (off-market trades)
- d. Enables surrender and withdrawal of shares to and from the depository through the process of demat and remat

6.4 Role of Depository Participants (DPs)

Investors interact with the Depository through a Depository Participant (DP) of NSDL /CDSL. As per the SEBI guidelines, any financial institutions/banks/custodians/stock brokers etc. can get themselves registered as DPs, on meeting the requirements prescribed by SEBI.

You have to contact a depository participant to open a depository account in order to avail of depository facilities. The shares of your company have been allotted only in dematerialized form, as per the provisions of section 68 B of Companies Act, therefore, the trading of shares of your company would be only in dematerialized form in the demat segment of NSE and BSE.

6.5 Role of RTA

RTA is an important functionary in the Shares transaction. RTA is responsible for maintenance of Register of Shareholders, effecting transfer of shares, issuance of share certificates (if rematerialisation is opted by any shareholder), printing and dispatch of notices of AGMs, dividend warrants, etc. RTA is the key contact for any investor queries and complaints related to shares.

Your Company has appointed Karvy Computershare Pvt. Ltd. as its RTA.

7. SHARE TRANSFER SYSTEM

7.1 Transfer & Transmission of Shares

7.2 Transfer of Shares

Your company has issued shares only in the demat form as per the extant provisions of the Companies Act, 1956. In the demat form, the transfer of shares is very simple. Transfer of shares shall be effected on receipt of a duly

filled-in shares transfer instruction, from both the transferor and transferee to their respective DPs. These transfer instructions shall be executed after being matched in the Depository System. Therefore, the provisions of Section 108 of the Companies Act, 1956 relating to transfer are not applicable where transferor and transferee are entered as beneficial owners in the records of NSDL/CDSL.

Depository will regularly furnish the details of ownership of the shares of the Company as per its records. If the Company has any reservations about the admissibility of share acquisition by any person on the grounds that the transfer of share conflicts with the provisions pertaining to other laws, the company shall be entitled to make an application to the Company Law Board/National Company Law Tribunal (Tribunal) for the rectification of ownership records with the depository. During the pendency of company's application, the transferee would be entitled to all rights and benefits of the shares except voting rights, which will be subject to the orders of the Company Law Board / Tribunal.

7.3 Trading in Shares

While **trading in the shares** you have to ensure the following:

- 7.3.1 Specify the Stock Exchange to the Broker / Sub- broker, through which your trade is to be executed and maintain separate account per Exchange.
- 7.3.2 Obtain a valid Contract Note (from Broker) / Confirmation Memo (from Sub-broker) within 24 hours of the execution of the trade.

Contract note is a confirmation of trade(s) done on a particular day for and on behalf of a client in a format prescribed by the Exchange. It establishes a legally enforceable relationship between the Member of the Stock Exchange (Member) and Client in respect of settlement of trades executed on the Exchange as stated in the Contract note. Contract notes are made in duplicate, and the Member and Client both keeps one copy each. The Clients are expected to sign on the duplicate copy of the contract note for having received the original. If you are dealing with sub-brokers, insist for Confirmation Memo which is issued by registered Sub-brokers acting for Clients / Constituents as Sub-brokers.

7.3.3 Ensure that the Contract Note / Confirmation Memo contains:

- (a) SEBI registration number of the Member/ Sub-broker.
- (b) Details of trade such as Order no, trade no., trade time, quantity, price, brokerage, settlement number, and details of other levies.

7.4 Settlement of Trade

For ensuring settlement, please note the following

7.4.1 Ensure payment of money to the broker immediately upon getting the contract note/ confirmation note for purchase but in any case before the prescribed pay in day.

7.4.2 The Member/ Broker should pay the money or credit the shares to your demat account within 48 hours of the payout.

7.4.3 For delivery of shares from Demat a/c, give the Depository Participant (DP) 'Delivery out' instructions to transfer the same from the beneficiary account to the pool account of broker through whom shares and securities have been sold. The details of the pool a/c of broker to which the shares are to be transferred, details of scrip, quantity etc. is also to be given to the DP. As per the requirements of depositories, the 'Delivery Out' Instruction should be given at least 48 hours prior to the cut-off time for the prescribed securities pay-in.

7.4.4 For receiving shares in your Demat a/c, give the Depository Participant (DP) 'Delivery in' instructions to accept shares in beneficiary account from the pool account of broker through whom shares have been purchased.

7.5 Transfer of Shares if held In Physical Form

You can opt for rematerialisation of your entire/part of the holdings in the Company. If you are holding the Shares in the Physical Form, having opted for rematerialisation and you want to trade/ transfer in Shares, you will have to find a buyer who is interested to buy your holdings in physical form and the Selling / buying will be an off-market transaction. If you are unable to find such buyer, you will require dematerializing your shares. Transfer of the shares in physical form have to be done in the following manner:

7.5.1 To effect a transfer, the shares, should be sent to RTA along with a valid, duly executed and stamped transfer

deed, signed by or on behalf of the transferor (seller) and transferee (buyer). The instrument of transfer shall be forwarded to the company by the transferee.

- 7.5.2 On receipt of request for transfer, your company shall proceed to transfer the shares as per provisions of the law. In case the transfer cannot be effected, the shares shall be returned back giving details of the grounds under which the transfer could not be effected. This is known as **Company Objection**.
- 7.5.3 When you happen to receive a "Company Objection" for transfer, you should proceed to get the errors/ discrepancies corrected. You may have to contact the transferor (the seller) either directly or through your broker for rectification or replacement with good shares. Then you can resubmit the share certificate(s) and the transfer deed to the company for effecting the transfer.
- 7.5.4 In case you are unable to get the errors rectified or get them replaced, you have recourse to the seller and his broker through the stock exchange to get back your money. However, if you had transacted directly with the seller originally, you have to settle the matter with the seller directly.
- 7.5.5 Sometimes, your shares may be lost or misplaced. You should immediately request the company to record a stop transfer of the shares and simultaneously apply for issue of duplicate share certificate(s). For effecting stop transfer, the company may require you to produce a court order or the copy of the FIR filed by you with the Police. Further, to issue duplicate share certificate(s) to you, the company may require you to submit indemnity bonds, affidavit, sureties, etc. besides issue of a public notice. You have to comply with these requirements in order to protect your own interest.

7.6 Transmission of Shares held single in the Depository

- 7.6.1 In the event of an unfortunate death of any investor, the legal heir(s) or the legal representative(s) of such shares shall make an application to the DP in the prescribed form along with the following documents:
- (a) A copy of the death certificate duly notarized or attested by Gazetted Officer.
 - (b) A copy of the succession certificate duly notarized or an order of a court of competent jurisdiction where the deceased shareholder has not left a Will.
 - (c) A copy of the Probate or letter of Administration duly notarized.

- 7.6.2 However, if the legal heir(s) or the legal representative(s) are unable to furnish the documents referred to in (b) and (c) above, and the market value of shares held in each of the account of the deceased shareholder as on the date of the application of the transmission does not exceed Rs. 1,00,000/-, then request may be made with the following documents:
- (a) A copy of the death certificate duly notarized or attested by Gazetted Officer.
 - (b) Letter of Indemnity duly supported by a guarantee of an independent Surety on an appropriate non-judicial stamp paper.
 - (c) An Affidavit made on an appropriate non-judicial stamp paper.
 - (d) No Objection Certificate from all the legal heir(s) who do not object to such transmission.
- 7.6.3 Once the documents are verified, DP shall effect a transfer of the balances to the depository account of the legal heir(s) or the legal representative(s) and thereafter, the DP shall close the account of the deceased shareholder.

7.7 Transmission of Shares held jointly in the Depository

In the event of an unfortunate death of any shareholder, the surviving joint holder(s) should make an application in the prescribed form to the DP along with a copy of the death certificate duly attested by Gazetted Officer or notarized to transmit balances lying in the account of deceased shareholder. Once the documents are verified, DP shall effect a transfer of the balance shares to the depository account of surviving joint holder(s). After effecting the transmission, the DP shall close the account of the deceased shareholder.

7.8 Transmission, when Shares are held in Physical Form

In case the Shares are held in the Physical Form, post rematerialisation, the transmission of the same has to be done in the following manner:

- 7.8.1 In the event of an unfortunate death of any shareholder, the fact should be brought to the notice of the company immediately.
- 7.8.2 In case the shares are held in the joint names, the surviving joint holder(s) should immediately write to the RTA for deletion of the name of the deceased from the Register of Members and transmit the shares in favour of

the surviving joint shareholder(s). For this purpose, the following documents are required to be sent to the RTA immediately:

- (a) A request letter duly signed by the surviving joint-shareholder(s)
- (b) Attested/notarised copy of the death certificate
- (c) Original share certificate(s)

7.8.3 If the shares are held in the sole name of the deceased, the shares will be transmitted in the name of the successors/legal heirs to the estate of the deceased. For this purpose, the following documents are required to be sent to the RTA immediately :

- (a) A request letter for transmission of shares by the successors/legal heirs with their specimen signatures
- (b) Where the number of the successors/legal heirs exceed three, a letter of relinquishment to be signed by those who wish to relinquish their interest in favour of the selected three in whose names the shares are required to be transmitted (since the shares can be held in the joint names of maximum three persons)
- (c) Probate of the Will or Succession Certificate or Letters of Administration as applicable
- (d) Attested/Certified copy of the Death Certificate
- (e) Original share certificate(s)
- (f) An indemnity Bond on non-judicial stamp paper of appropriate value in the prescribed form (Form will be sent by the RTA on receipt of intimation of death of the sole holder as a routine procedure)

8. INVESTOR SERVICES AND GRIEVANCE REDRESSAL SYSTEM

Your company has put in place a system for addressing the complaints/ queries of the investors. You should always remember to mention your Demat A/c no. and references of earlier letters, if any. All correspondence relating to share transfer, transmission, dividend payments etc., are to be addressed to Karvy Computershare Pvt. Ltd, (KARVY) who has been appointed as the RTA by the company.

Karvy Computershare Private Limited

Karvy House, 46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad, 500034.
Tel: +91- 40- 23312454,23320751/752/251.
Fax: +91-40-23311968.
E-mail: ntpcipo@karvy.com

It is always our endeavor to reply to our valued investors/ shareholders queries within a period of 15 days and the RTA has been instructed accordingly. Your company has also put in place "Investors Services Division", headed by General Manager (Finance). Please send a reminder to the **Investor Services Division**, giving the details and cross-reference of your complaints/queries, in case you do not receive any communication from Karvy within a period of 15 days.

Investor Services Division

7th Floor, Core No. 7, NTPC Bhawan, Scope Complex,
7, Institutional Area, Lodi Road, New Delhi- 110003.
Tel: +91- 11-24369031, +91- 11-24365709,
Fax: +91-11- 24361724
E-Mail: isd@ntpc.co.in

In case your query / complaint is not attended or is not resolved satisfactorily, you may contact Company Secretary and Compliance Officer.

Company Secretary

Mr. Anjan Kumar Bajpaie,
Company Secretary,
NTPC Bhawan, Scope Complex,
7, Institutional Area, Lodi Road,
New Delhi- 110003.
Tel: +91- 11-24360071, Fax: +91-11- 24360241

Your Company has nominated Shri A.K. Kundu, Executive Director (Finance) as Public Spokesperson. The contact details are as under:

Sh. A.K. Kundu,

Executive Director (Finance),
NTPC Bhawan, Scope Complex,
7, Institutional Area, Lodi Road,
New Delhi- 110003.
Tel : +91 11 24369335, Fax : +91 11 24365742

Investors are also welcome to approach us to have a briefing with the Chairman & Managing Director and Director (Finance) on strategic and financial issues.

We also recommend you to visit our Website at www.ntpc.co.in, to have updates on the various aspects of the Company.

Important contact addresses have been indicated at the end of the booklet.

9. FREQUENTLY ASKED QUESTIONS

I DEMAT

1. What is Demat and what are its benefits?

Dematerialisation ('Demat' in short form) signifies conversion of a share certificate from its present physical form to electronic form for the same number of holding.

It offers scope for paperless trading through state-of-the-art technology, whereby share transactions and transfers are processed electronically without involving any share certificate or transfer deed after the share certificates have been converted from physical form to electronic form.

Dematerialisation of shares is optional and an investor can still hold shares in physical form. However, he/she has to demat the shares if he/she wishes to sell the same through the Stock Exchanges. Similarly, if an investor purchases shares through the Stock Exchanges, he/she will get delivery of the shares in demat form.

2. What is a Depository? What are the benefits of availing depository services?

Depositories are custodians of securities (including shares) and are registered owners of shares issued in demat mode. At present, two Depositories are in operation – National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

The Depositories Act, 1996 has been enacted to regulate the matters related and incidental to the operation of Depositories and demat operations. Following benefits are available by using demat services:

- (a) A safe, convenient way to hold securities including shares;
- (b) Immediate transfer of securities including shares;
- (c) No stamp duty on transfer of securities including shares;
- (d) Elimination of risks associated with physical certificates such as bad delivery, fake securities including shares, Delays, thefts etc.;
- (e) Reduction in paperwork involved in transfer of securities including shares;

- (f) Reduction in transaction cost;
- (g) No odd lot problem, even one share can be sold;
- (h) Automatic credit into demat account of shares, arising out-of bonus/split/consolidation/merger etc.
- (i) Nomination facility;
- (j) Change in address recorded with DP gets registered with all companies in which shareholder holds shares electronically eliminating the need to correspond with each of them separately;
- (k) Transmission of shares is done by DP eliminating correspondence with companies.

3. What is a custodian and what is his role?

Depositories are also known as Custodians who maintains the register of beneficial owners and safeguards the shares of its beneficial owners. NSDL and CDSL are the two custodians (or Depositories) in India. Besides safeguarding securities, a custodian also keeps track of corporate actions i.e. collecting dividends, rights shares, bonus shares and other activities on behalf of its clients.

4. How can services of a depository be availed?

To avail the services of a depository you require opening an account with any of the Depository Participant of any depository and filling up an account opening form and following the Account opening procedure. The DP will open demat account in the system and give an account number, which is also called Beneficiary owner Identification number (BO ID).

5. Can I open multiple accounts?

Yes. You can open more than one account in the same name with different DPs.

6. Can a shareholder open a single account for shares owned in different ownership patterns?

No. The demat account must be opened in the same ownership pattern in which the shares are held in the physical form. e.g. if one share certificate is in your individual name and another certificate is jointly with some other, two different accounts would have to be opened.

7. Do I have to keep any minimum balance of securities in my accounts?

No, you can open and maintain account even with zero balance.

8. Do I have to keep my account with the same DP as broker has?

No. Depository / DP can be chosen by investor as per convenience, irrespective of the DP of the broker.

9. Can I freeze or lock my accounts?

Yes. You can freeze or lock your accounts for any given period of time. Accounts can be frozen for debits (preventing transfer of shares out of accounts) or for credits (preventing any movements of hindrances into accounts) or for both.

10. How do I convert shares to demat form?

In order to dematerialise physical share certificate(s), you have to fill in a DRF (Demat Request Form) which is available with the DP and submit the same along with physical share certificates you wish to dematerialise. Separate DRF has to be filled for each ISIN no.

The complete process of dematerialisation is outlined below:

- (a) Surrender certificates for dematerialisation to your depository participant.
- (b) Depository participant intimates Depository of the request through the system.
- (c) Depository participant submits the certificates to the RTA.
- (d) RTA confirms the dematerialisation request from depository.
- (e) After dematerialising certificates, RTA updates accounts and informs depository of the completion of dematerialisations.
- (f) Depository updates its accounts and informs the depository participant.
- (g) Depository participant updates the account and informs the shareholder.

11. Can I reconvert shares to physical form?

Holding of the shares in Demat form is not only easy, but is also extremely useful as brought out above. However, if you wish to get back your shares in the physical form you have to fill in the RRF (Remat Request Form) and request your DP for rematerialisation of the balances in your demat account. The process of rematerialisation is outlined below:

- (a) Make a request for rematerialisation.
- (b) Depository participant intimates depository of the request through the system.

- (c) Depository confirms rematerialisation request to the RTA.
- (c) RTA updates accounts and prints certificates.
- (d) Depository updates accounts and downloads details to depository participant.
- (e) RTA dispatches certificates to shareholder.

12. Do dematerialised shares have distinctive numbers?

Dematerialised shares do not have any distinctive numbers. These shares are fungible, which means that all the holdings of a particular share will be identical and interchangeable.

13. Whom do I contact in case of any problem / query related to demat account?

In case of any complaint / problem / query you may first contact DP. If DP is unable to solve complaint / problem / query you should approach concerned depository. If you have yet not got redressed/reply you may approach SEBI. One may also approach SEBI directly.

14. Can physical and Demat shares be held for a company?

Yes. You may dematerialize/ rematerialize a part of your holdings and hold shares in physical as well as demat form.

15. How do I transfer shares from one demat account to another?

In order to transfer the holding in your account, you need to submit a delivery instruction slip in case of a pattern differentiation, and you need to close an account and transfer the shares in case there is no pattern differentiation of the holders name of the debiting and crediting accounts.

16. Can Transfer-cum-Dematerialisation be done simultaneously?

Yes. Once the Company/ RTA has transferred the shares in the name of the transferee, a request will be sent whether the transferee wishes to receive them in electronic form. In case transferee opts to receive in electronic mode, he/she should inform the company / RTA through his/her DP within 30 days of the date of option letter, upon receiving the consent, shares shall be credited to the transferees demat account so intimated

by his/ her DP. However, if no reply / option is communicated within 30 days, company or RTA can dispatch the share certificate(s).

17. What is Defacing of Shares?

When the share certificate(s) are surrendered for dematerialisation, they are to be cancelled on the face of the share certificate(s) by putting a stamp "Surrendered for Demat" so that the share certificate(s) cannot be traded. This process of affixing the "Surrendered for Demat" stamp on the shares is known as defacing of shares.

II TRADING

18. Whom should I approach for buying/selling shares on the NSE/ BSE?

To buy or sell shares you could approach either SEBI registered trading member of the NSE/ BSE or SEBI registered sub-broker of a trading member of the NSE / BSE.

19. Why should I deal only with a SEBI registered sub-broker or NSE/ BSE trading member?

The exchange can ensure settlement and handle disputes/ claims arising out of only those trades, which are executed, on NSE/ BSE through registered trading members/registered sub-brokers. Hence for all trades done on NSE/ BSE through an entity who is not registered, the shareholder has no recourse through the Exchange in case of non-settlement or a claim/dispute arising out of the same.

20. How do I verify whether the entity is a NSE/ BSE trading member and SEBI registered sub-broker?

You may ask the person to furnish documents such as SEBI registration certificate, registration with NSE/ BSE etc. to verify the antecedents of the person. You can also approach the Exchange to countercheck whether the person holds a valid registration. The NSE/ BSE website also provides a directory of NSE/ BSE trading members.

21. How do I buy or sell dematerialised shares?

The procedure for buying and selling dematerialised shares is similar to the procedure for buying and selling physical shares. The difference lies in the process of delivery (in case of sell) and receipt (in case of Purchase) of shares.

A. In case of purchase: -

- (a) The broker will receive the shares in his account on the payout day
- (b) The broker will give instruction to its DP to debit his account and credit your account
- (c) You will give 'Receipt Instruction' to DP for receiving credit by filling appropriate form. However you can give standing instruction for credit into your account that will obviate the need of giving Receipt Instruction every time.

B. In case of Sale: -

- (a) You will give delivery instruction to DP to debit your account and credit your broker's account. Such instruction should reach to your DP's office at least 24 hours before the pay-in otherwise DP will accept the instruction only at your risk.

22. Can dematerialized shares be traded in all Stock Exchanges?

No. These can be traded only at those Exchanges that have connectivity with NSDL/CDSL and only Exchanges which have a SEBI approved settlement guarantee system are connected to NSDL/CDSL. Presently, only NSE, BSE and CSE have this facility.

23. What is Delivery Instruction Slip (DIS)?

To give the delivery instruction to DP you have to fill one form called Delivery Instruction Slip (DIS). DIS is very similar to a cheque book of a bank account and by signing the DIS after filling the name and number of securities, the DP will carry out the instructions.

24. What precautions do I need to observe with respect to Delivery Instruction Slips?

- (a) Ensure and insist with DP to issue DIS book; do not use loose slips.
- (b) Ensure that DIS numbers are pre-printed and DP takes acknowledgment for the DIS booklet issued to shareholder.
- (c) Ensure that your account number [client id] is pre-stamped.
- (d) If the account is a joint account, all the joint holders have to sign the instruction slips. Instruction cannot be executed if all joint holders have not signed.
- (e) Avoid using loose slips

- (f) Do not leave signed blank DIS with anyone viz., broker/sub-broker.
- (g) Keep the DIS book under lock and key when not in use.
- (h) If only one entry is made in the DIS book, strike out remaining space to prevent misuse by any one.
- (i) Shareholder should personally fill in target account - id and all details in the DIS.

25. How do I know that the DP has updated the account after each transaction?

The DP gives a Transaction Statement periodically, which details current balances and various transactions made through the depository account. If so desired, DP may provide the Transaction Statement at intervals shorter than the stipulated ones, probably at a cost.

26. What should I do if there are any discrepancies in transaction statement?

In case of any discrepancy in the transaction statement, you can contact his/her DP. If the DP cannot resolve the discrepancy you should approach Depository.

27. What is a market/ off market transaction?

A market transaction is a sale or purchase in which a broker is involved and it is performed through the Stock Exchange, on the other hand an off- market transaction is a sale or purchase in between two clients and in which a broker is not involved.

III DIVIDEND

28. How do I receive my Dividend?

NSDL/CDSL, which has the names of the beneficiary owners as on the Record Date, gives the list of beneficial owners to the Company / RTA. The Company / RTA will forward Dividend payment to you through a physical warrant, as in the normal course.

29. How to protect against fraudulent encashment of dividend warrant dispatched to me?

The Companies, as per the guidelines of SEBI use Electronic Clearing Facility (ECS) in all locations where the same is available. This protects the interest of the shareholders by eliminated postal delays, fraudulent encashment etc.

Please give your Client ID number, name of your bank, bank account number to your Depository Participant with whom you have a demat account. Your Depository Participant in turn will pass on this information to the Company. The dividend warrant will incorporate your bank details along with your name, which will protect fraudulent encashment.

30. What is Electronic Clearing Service (ECS)?

Under this system, you can receive your dividend electronically by way of direct credit to your bank account. This avoids a lot of hassles like loss/fraudulent interception of dividend warrants during postal transit. This also expedites payment through credit to your account compared to dividend warrants in physical form.

31. Is the ECS facility available across the country?

No. The Reserve Bank of India has enabled ECS facility at selected cities only.

32. I have not received my dividend. What action do I take?

You may please write to the RTA of the Company with a copy to Investor Services Department of the Company, furnishing the particulars of the dividend not received and also quoting your folio number/client ID particulars (in case of dematerialised shares). We will check our records and issue duplicate dividend warrant if the dividend remains unpaid in the records of the company.

33. What is the procedure for obtaining a duplicate dividend warrant?

If the validity period of the lost dividend warrant has not yet expired, you will have to wait till the expiry date since no duplicate can be issued during the validity of the original warrant. However, after the expiry of the validity period, if the dividend warrant is still shown as unpaid in our Bank Statement, we shall issue a duplicate warrant to you expeditiously.

34. Why do the shareholders have to wait till the expiry of the validity period of the original warrant? Couldn't you issue stop payment instructions to the bank for the original warrant and issue a duplicate immediately?

Since the dividend warrants are payable at par at almost all the branches of the drawee Bank, it will not be possible

for the banks to issue stop payment instructions and it is therefore necessary for us to wait till the validity of the original warrant has expired.

35. Can I claim the old dividends relating to past years that have not been received by me?

As per the present law, the company is retaining all unpaid/unclaimed dividends up to seven years from the date of transfer to Unpaid Dividend account (transfer to unpaid dividend account takes place after 37 days from the date of declaration of dividend) After seven years, the unpaid / unclaimed dividend is transferred to "Investors Protection and Education Fund". Therefore, you can claim dividend till the funds are transferred as aforesaid.

IV PLEDGE

36. What is a Pledge?

If you wish to take a loan from a Bank against the security of your physical share, the certificate must be physically lodged with the Bank. This action is called a Pledge. In electronic holding also you can pledge the shares by making a request with your DP in favour of any Bank.

37. How can I Pledge / Hypothecate Shares?

You can pledge your shares in a bank, which is a DP or a client of a DP. In fact, pledging dematerialised shares is easier and more advantageous as compared to pledging physical shares. The procedure for pledging is as follows:

- (a) Both shareholder (pledgor) as well as the lender (pledgee) must have depository accounts;
- (b) Shareholder has to initiate the pledge by submitting to DP the details of the shares to be pledged in a standard format;
- (c) The pledgee has to confirm the request through his/her DP;
- (d) Once this is done, shares are pledged
- (e) All financial transactions between the pledgor and the pledgee are handled as per usual practice outside the depository system.

38. How to revoke pledged/hypothecated shares?

To revoke pledged/hypothecated shares, you need to submit a pledge revocation form to the DP asking for the revocation of your pledged shares.

39. What are the rules for Pledge Of Locked-in Shares?

Locked-in shares can be pledged with a Lender (such as a Bank) for a loan. However, the pledge cannot be invoked before the lock-in release date.

40. What happens after the closure of my loan with the Bank in case of a Pledge?

After you have repaid the loan, you can request for a closure of pledge by instructing the DP in a prescribed format. The pledgee on receiving the repayment will instruct his DP accordingly for the closure of the pledge. It may be noted that if the pledgee [lender] agrees, you may change the shares offered in a pledge. It may also be noted that shares pledged are only blocked in the account of pledgor in favor of the pledgee. *The pledgor would continue to receive all the corporate benefits.*

V NOMINATION

41. How can nomination facilities be availed?

You can avail nomination facilities while opening the Demat Account. In case you have not availed the facility at that point of time, you can request the DP to make available the prescribed form, which can be filled and forwarded to the DP for noting with Depository (NSDL /CDSL).

As per the provisions of the Companies Act 1956, only individuals holding beneficiary account on their own behalf, singly or jointly, can make nominees. In case the account is in joint names, every joint holder has to sign the nomination form.

Minor can be nominated, along with the name and address of the Guardian.

Once the nomination is recorded, the same will be conclusive evidence of your disposition in respect of all the shares held in that particular account.

Nomination can be changed / cancelled by filling up the fresh forms, as many times as you desire. However, as per the latest Company's Amendment Act, only one person can be nominated.

GLOSSARY

Beneficial Owner: The true owner of a share or property, which may be registered in another name. Means a person whose name appears as such on the records of the Depository.

Beneficiary Account: A shareholder or a broker who wants to hold shares in dematerialised (demat) form and undertake paperless trading must have a depository account called beneficiary account with Depository Participant of his choice.

Client Id: Whenever any shareholder (client) opens an account with a Depository Participant, he /she is provided with an account number which is known as the beneficiary account number or the Client ID. The combination of the Client ID and the Depository Participant ID is unique. This is also known as Beneficial Owner ID Account.

Depository: Depository is an entity incorporated under the Companies Act, 1956, which has been issued a certificate by SEBI to act as depository. Currently, there exist 2 main depositories, namely The National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd (CDSL).

Depository Participant (DP): A DP has to be registered with SEBI and can be a participant either of NSDL or CDSL or both. DPs maintain account of shares of their clients same as a bank maintains the money account of its customers. Every DP registered with SEBI will have a unique registration number and it is known as DP ID.

Dematerialisation: Is the process by which a shareholder (client) can get physical share certificates converted into electronic balances maintained in beneficiary account with the Depository Participant. Shares held in dematerialised form are fungible i.e. they do not bear any distinguishing features.

Delivery Instructions: In order to transfer shares from his/her beneficial account to another beneficial account, the transferor owner must give an instruction to his / her Depository Participant. For this purpose, pre-printed Delivery Instruction Books (DIB) containing the names of the account holders and the Client ID issued by DP should be used. Shareholders are advised to use pre-printed DIB for debiting the account with the number of shares sold/transferred and keep the DIB in safe custody.

Dematerialisation Request Form (DRF): In order to

dematerialise his /her physical shares, the shareholder (client) should submit a request to the Depository Participant in the Dematerialisation Request Form (DRF) along with the certificates of shares to be dematerialised. The DRF should be submitted in triplicate. One copy of the DRF is sent by the Depository Participant to the respective company or its RTA, the Depository Participant for records retains one copy and the third copy is returned back to the shareholder (clients).

Dematerialisation Request Number (DRN): When the shares are found in order with the details of the request as mentioned in the form, the depository participant enters the details in the DPM (Depository participant Module, provided by NSDL/CDSL to the DP) a Dematerialisation Request Number (DRN) is generated by the system. The DRN so generated is entered in the space provided for the purpose in the Dematerialisation Request Form. The request is then released to Depository Module (DM) – Depository's software system. The DM forwards the requests to the Company / its RTA electronically. Once the DRN is confirmed or accepted by the Company or its' RTA, the DM electronically authorises the creation of appropriate credit balances in the shareholder (client's) account. The DPM shall credit the shareholder (client's) account automatically.

International Security Identification Number (ISIN): Every security (including shares) in the depository is allotted a unique identification number called ISIN. The ISIN allotted to NTPC's equity share is INE733E01010.

Nomination: Every holder of shares of, a company may, at any time, nominate, in the prescribed manner, a person to whom his/her shares in, of the company shall vest in the event of his death. Where more than one person holds the shares in of a company jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares of the company shall vest in the event of death of all the joint holders. For any shares of the company, where a nomination is made in the prescribed manner, in the event of death of the shareholder(s) the nominee shall be entitled to all rights in the shares.

Off Market Trade: Trades which are not settled through the Clearing Corporation / Clearing House of an exchange are classified as " Off Market Trades ". These are deals generally for bulk quantity of shares, which are negotiated outside the trading system of a Stock Exchange. In the Depository System, any

movement of shares from one beneficiary account to another beneficiary account is treated as off- market trade / movement.

Pledge: A shareholder (client) having a beneficiary account with a Depository Participant can pledge his/her shares in electronic form against loan / credit facilities extended by a Bank (pledgee). The pledger too shall have a beneficiary account with any Depository Participant.

Protection of Data: The Depository takes necessary steps to protect the transmission and storage of data under the Depository system. The data is protected from the unauthorised access, manipulation and destruction. The transmission of data is in encrypted form and has to be decrypted at the user's end so as to eliminate the possibility of unauthorised interception of data. The Depository and the participant's keep the backup of data stored under the Depository system by the Depository and the participants respectively. The Depository ensures sufficient security measures, to prevent the access of unauthorised persons to the data of the Depository operations.

Proxy: A person who acts on behalf of a member of a company for the purpose of voting at a company meeting.

Receipt Instruction: The instruction given by the buying shareholder (client) to his depository participant in order to receive shares from the selling client's depository account is known as a receipt instruction.

Registered Owner: Registered owner means a depository whose name is entered as such in the register of the issuer.

Rematerialisation: It is the process by which a shareholder (client) can get his / her electronic holdings converted into physical share certificates. The shareholder (client) has to submit the rematerialisation request to his / her DP with whom he /she has an account. The DP enters the request in its system, which blocks the client's holdings to that extent automatically. The Company / its' RTA then prints the share certificate(s), dispatches the same to the shareholder (client) and simultaneously electronically confirms the acceptance of the request to NSDL/CDSL.

Registrar and Transfer Agent (RTA): A registrar and transfer agent for a publicly held company keeps record of every registered shareholder and the changes, if any, in the ownership of shares from time to time. When the share changes hands, the

RTA records transfer of ownership of the share from the transferor (seller) to the transferee (buyer). The RTA reconciles all transfer records and makes sure that the number of shares debited is equal to the number of shares credited.

Settlement: It is the process by which shareholders pay for shares they have bought and receive payment for shares they have sold. It is also the process by which the shareholder delivers the shares he has sold to the clearing house and receives the shares which he has purchased from the clearing house of a recognized stock exchange.

Settlement Day: The day on which shares purchased are due for delivery to the buyer and payment is due to be made to the seller.

Statement of Holding: A statement of holding, details out the shareholders' current balance in a depository account. The Depository participant sends a statement of holdings to its clients periodically.

Transferability of Shares: Shares in a company are freely transferable, subject to certain conditions, such that no shareholder is permanently or necessarily wedded to a company. When a shareholder transfers his shares to another person, the transferee steps into the shoes of the transferor and acquires all rights of the transferor in respect of those shares. For dematerialised shares the depository participant debits and credits the account of the client with an authorization from such shareholder (client).

Transmission: Transmission of shares denotes a process by which ownership of share is transferred on legal heir or to some other person by operation of law. In case of transmission no transfer deed is required. Transmission of shares generally takes place in case of death, insolvency, mental illness, by court order etc.

Zero balance: Also known as Nil balance, a situation when a depository account has no shares in it. A beneficiary account may be opened with any Depository Participant even with zero balance.

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Maiden Venture into Hydro - Koldam Project



Turbine Generator Hall of Gas Power Project - Auraiya



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