

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a process that aims to meet shareholders aspirations and societal expectations. It is a commitment that is backed by the fundamental belief of maximising shareholders value, transparency in functioning, values and mutual trust amongst all the constituents of organisation. Its not a discipline imposed by a Regulator, rather a culture that guides the Board, management and employees to function towards best interest of stakeholders.

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 and accordingly the Corporate Governance philosophy has been scripted as under:

"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."

We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices we are putting into place for the company shall go beyond adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.

2. BOARD OF DIRECTORS

2.1 Size of the Board

We are a Government Company within the meaning of section 617 of the Companies Act, 1956 as the President of India presently holds 89.5% of the total paid-up share capital. As per Articles of Association of the company, the powers to appoint Directors rest with the President of India.

In terms of the Articles of Association of the Company strength of our Board shall not be less than four Directors or more than twenty Directors. These Directors may be either whole-time functional Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March 2006 the Board comprised twelve directors out of which six were whole-time functional directors including the Chairman & Managing Director. Two directors are nominees of the Government of India. The Board also has four independent directors who have been appointed by the Government of India through a search committee constituted for the purpose. The directors bring to the Board wide range of experience and skills. Brief profile of the Directors is set out elsewhere in the Annual Report.

The listing agreements with stock exchanges stipulate that half of the board members to be independent directors. The company has requested Government of India to initiate necessary steps for appointment of adequate number of independent Directors so that Board composition be in compliance with the Listing Agreement.

Details regarding Independent Directors on the Board of the Company during the year is as under:

Period	Requirement	Actual
April 1, 2005 to August 26, 2005	4	1
August 27, 2005 to January 29, 2006	4	-
January 30, 2006 to March 31, 2006	6	4

2.3 Age limit and tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time functional directors is 60 Years.

The Chairman & Managing Director and other whole time Functional Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent, or till further instructions from the Government of India, whichever event occurs earlier.

Government Nominees representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors are appointed by the Government of India usually for tenure of three years.

2.4 Board Meetings

The meetings of the Board of Directors are normally held at the Company's registered office in New Delhi. The Company has defined procedures for meetings of the Board of Directors and Committees thereof so as to facilitate decision-making in an informed and efficient manner.

Thirteen Board Meetings were held during the financial year 2005-06 on April 8, May 28, June 13, July 9, July 27, August 12, September 10, September 27, October 27, December 7, 2005, January 30, March 14, March 24, 2006. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorships/committee memberships (viz., Audit Committee and Shareholders Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2005-06 are tabulated below:

S. No.	Directors	Meeting held during respective tenures of Directors	No. of Board Meetings Attended	Attendance at the last AGM (held on 23.09.2005)	Number of other Directorships held on 31.03.06	Number of Committee memberships in companies on 31.03.06	
						As Chairman	As Member
	Functional Directors						
1	Sh. C.P.Jain Chairman & Managing Director	13	13	Yes	4	-	-
2	Sh. K.K. Sinha Director (HR) (Upto 27.06.2005)	3	3	NA*	NA*	NA*	NA*
3	Sh. P.Narasimhamulu Director (Finance) (Upto 31.07.2005)	5	5	NA*	NA*	NA*	NA*
4	Sh. T. Sankaralingam Director (Projects)	13	12	Yes	3	-	-
5	Sh. Chandan Roy Director (Operations)	13	13	Yes	5	-	-
6	Shri R.S. Sharma Director (Commercial)	13	12	Yes	6	-	-
7	Shri R.K. Jain Director (Technical) (From 05.05.2005)	12	10	Yes	2	-	1
8	Shri A.K. Singhal Director (Finance) (From 01.08.2005)	8	8	Yes	9	-	3
	Non-executive Directors (Government Nominees)						
9	Sh. M.Sahoo JS&FA, Ministry of Power	13	12	Yes	11	1	3
10	Sh. Arvind Jadhav JS (Thermal), Ministry of Power (Upto 11.07.2005)	4	2	NA*	NA*	NA*	NA*
11	Shri Harish Chandra JS(Thermal), Ministry of Power (From 11.07.2005)	9	7	No	-	-	-
	Independent Directors						
12	Dr. R.K. Pachauri Director-General, TERI (Upto 26.08.2005 and from 30.01.2006)	8	1	NA*	-	-	1
13	Prof. Ashok Misra Director IIT, Powai (From 30.01.2006)	2	2	NA*	1	-	-
14	Shri G.P. Gupta Ex-CMD, IDBI (From 30.01.2006)	2	2	NA*	11	-	9
15	Shri M.I. Beg Ex-Chairman, CEA (From 30.01.2006)	2	2	NA*	-	-	1

*NA indicates that concerned person was not a Director on NTPC's Board on the relevant date.

2.5 Information placed before the Board of Directors, inter alia, include:

The Board has complete access to any information within the Company. The information regularly supplied to the Board includes:

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Annual Accounts, Directors' Report etc.
- Quarterly results of the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of Sr. Officers to the level of Executive Director which is just below the Board level and of Company Secretary.
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights and substantial non-payment for goods sold by the company.
- Major investments, formation of subsidiaries and Joint Ventures, Strategic Alliances etc.
- Award of large contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.
- Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer etc.
- Short term investment of surplus funds.
- Information relating to major legal disputes.
- Other materially important information.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- i) Audit Committee.
- ii) Shareholders'/Investors' Grievance Committee.

- iii) Committee on Management Controls.
- iv) Contracts Sub- Committee.
- v) Project Sub Committee.
- vi) Investment/Contribution Sub-Committee.
- vii) Committee of the Board for allotment and post-allotment activities of NTPC's Securities.

3.1 AUDIT COMMITTEE

The constitution, quorum, scope etc. of the Audit Committee are in line with the Navratna Guidelines, the Companies Act, 1956 and provisions of Listing Agreement.

Scope of Audit Committee

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. Reviewing, with the management, the quarterly and half-yearly financial statements before submission to the Board for approval.
3. Ensure Compliance of Internal Control Systems.
4. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Noting appointment and removal of external auditors. Recommending the fixation of audit fee of external auditors and also approval for payment for any other services.
6. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;

- e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
 8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 9. Discussion with internal auditors any significant findings and follow up there on. Review of internal audit observations outstanding for more than two years.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 13. Review of observations of C&AG including status of Government Audit paras.
 14. To review the functioning of the Whistle Blower mechanism, as and when the same is formulated and made effective.
 15. Investigation into any matter in relation to the items specified above or referred to it by the Board.

Constitution

The Audit Committee has been constituted with the membership of:

- i) Joint Secretary & Financial Advisor (JS & FA), Ministry of Power (MOP), Government of India nominated on the Board of NTPC and

- ii) Three independent Directors to be nominated by the Board from time to time.

Composition

During the year the composition of the Audit Committee underwent changes from time to time. However, it became compliant with the Listing requirements w.e.f. February 15th 2006 consequent to the appointment of Independent Directors by the Government of India.

During the year details of composition of Audit Committee has been as under:

Period	Membership		Independent Directors	
	Requirement	Actual	Requirement	Actual
April 1, 2005 to August 26, 2005	3	3	2	1
August 27, 2005 to December 6, 2005	3	2	2	0
December 7, 2005 to February 14, 2006	3	3	2	0
February 15, 2006 to March 31, 2006	3	4	3	3

As on 31st March 2006, the Audit Committee comprised the following members:-

Shri G.P. Gupta	Independent Director
Shri M. Sahoo	JS & FA, MOP
Dr. R.K. Pachauri	Independent Director
Shri M.I. Beg	Independent Director

Senior most independent Director on the Audit Committee shall be Chairman of the Audit Committee.

Director (Finance), Head of Internal Audit and the Statutory Auditors are invited in the Audit Committee Meeting for interacting with the members of the committee. Senior executives from various functions are also invited as and when required to provide necessary inputs to the committee.

Meetings and Attendance

Six meetings of the Audit Committee were held during the financial year 2005-06 on April 20, June 13, July 27, August 11, October 27, 2005 and January 30, 2006.

The details of the meetings of Audit-Committee attended by the members are as under:-

Members of Audit Committee	Meetings held during his tenure	Meetings attended
Shri M. Sahoo	6	6
Dr. R.K. Pachauri (upto 26.08.2005 and from 15.02.2006)	4	4
Shri Arvind Jadhav (upto 11.07.2005)	2	1
Shri Harish Chandra (11.07.2005 to 15.02.2006)	4	3
Shri T. Sankaralingam (07.12.2005 to 15.02.2006)	1	1
Shri G.P. Gupta (from 15.02.2006)	No meetings were held during their tenure	
Shri M.I. Beg (from 15.02.2006)		

Director (Finance), Head of Internal Audit were present in all Audit Committee Meetings held during the year under review as invitees as per requirement of Listing Agreement.

3.2 SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE
The Company has constituted 'Shareholders' / Investors' Grievance Committee'.

Scope of the Committee

This Committee looks into redressal of Shareholders' and Investors' complaints like delay in transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. as well as complaints/grievances of the Bondholders and also of the Depositors under the Public Deposit Scheme.

Constitution

The Committee has been constituted with the membership of:

- One Nominee Director of Ministry of Power represented on the Board of NTPC
- Director (Finance), NTPC and
- Director (HR) or Director (Technical), NTPC.

Composition

As on 31st March 2006, this committee comprised the following Directors :

Shri M. Sahoo	Government Nominee
Shri R.K. Jain	Director (Technical)
Shri A.K. Singhal	Director (Finance)

Shri M. Sahoo is the Chairman of the Committee.

Meeting and Attendance

Two meeting of the Shareholders'/Investors' Grievance

Committee were held during the financial year 2005-06 on July 27, 2005 and February 16, 2006.

Members of Shareholders / Investors Grievance Committee	Meetings held	Meetings attended
Shri M. Sahoo	2	2
Shri R.K. Jain	2	1
Shri A.K. Singhal	2	2

Name and designation of Compliance Officer

Shri A.K. Rastogi, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March 2006, Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediments. The status of the complaints during the year are as under:

Particulars	Opening Balance	Received during the year	Resolved during the year	Pending as on 31.03.06
SEBI / Stock Exchange complaints	-	269	269	NIL
Other IPO related complaints	26	2307	2331	2
Other Dividend related complaints	8	5084	5085	7
Total	34	7660	7685	9

Investor complaints shown pending as on March 31, 2006 have been attended subsequently.

Number of pending share transfers

As on March 31, 2006, no share transfer request was pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges and a certificate to this effect duly signed by a Practicing Company Secretary has been furnished to Stock Exchanges.

3.3 COMMITTEE ON MANAGEMENT CONTROLS

On being conferred enhanced autonomy by the Government of India under 'Navratna Guidelines', this committee was constituted for establishing transparent and effective system of internal monitoring. This Committee, inter alia, reviews the Management Control Systems, significant deviations in project implementation and construction, operation and maintenance budgets etc.

As on March 31, 2006, the committee comprised the following Directors:

Shri M. Sahoo	Government nominee
Shri Chandan Roy	Director (Operations)
Shri A.K. Singhal	Director (Finance)
Prof. Ashok Misra	Independent Director

3.4 COMMITTEE FOR CONTRACTS

This Committee has been constituted for approval of award of contracts of value exceeding Rs. 25 crore but not exceeding Rs.100 crore and consultancy assignments exceeding Rs. 2 crore each. As on March 31, 2006, the Committee for Contracts comprised the following members:

Shri C.P.Jain	Chairman & Managing Director
Shri T. Sankaralingam	Director (Projects)
Shri M.Sahoo	Government nominee
Shri R.K. Jain	Director (Technical)
Shri Harish Chandra	Government nominee
Shri A.K. Singhal	Director (Finance)

3.5 PROJECT COMMITTEE

The Project Committee examines and makes recommendations to the Board on proposals for Investment in New/Expansion Projects and Feasibility Reports of new projects. As on 31st March 2006, the Committee comprised the following members:

Shri C.P.Jain	Chairman & Managing Director
Shri T. Sankaralingam	Director (Projects)
Shri M. Sahoo	Government nominee
Shri Chandan Roy	Director (Operations)
Shri R.S. Sharma	Director (Commercial)
Shri R.K. Jain	Director (Technical)
Shri Harish Chandra	Government nominee
Shri A.K. Singhal	Director (Finance)
Shri M.I. Beg	Independent Director

3.6 INVESTMENT/CONTRIBUTION COMMITTEE

The terms of reference of Investment/Contribution Committee of the Board is for deployment of surplus funds as per Govt. Guidelines issued from time to time, and acceptance of Bonds/Debt Instruments in lieu of settled dues with State Electricity Boards or State Transmission

Companies and deciding terms and conditions thereof. This committee also approves contribution/donation for national, public, benevolent or charitable cause, purpose or object or other funds not directly related to the business of the company or welfare of its employees between Rs. 5 lakh to Rs. 20 lakh subject to maximum limit of Rs. 1 crore in a year.

As on 31st March 2006, the Committee comprised the following Members:

Shri C.P.Jain	Chairman & Managing Director
Shri Chandan Roy	Director (Operations)
Shri A.K. Singhal	Director (Finance)

In case of investment of funds and contribution matters Director (HR) and in case of Commercial matters Director (Commercial) are co-opted in the meeting.

3.7 COMMITTEE FOR ALLOTMENT AND POST-ALLOTMENT ACTIVITIES OF NTPC'S SECURITIES

The Committee has been constituted for Allotment and Post-allotment activities of Company's Securities. The scope of work of this committee is allotment, issue, Certificate/Letter of allotment, transfer, transmission, re-materialisation, issue of duplicate certificates, consolidation/split of NTPC's domestic and foreign Securities. As on 31st March 2006, the Committee comprised the following Members:

Shri T. Sankaralingam	Director (Projects)
Shri A.K. Singhal	Director (Finance)
Shri Chandan Roy	Director (Operations)
Shri R.K. Jain	Director (Technical)

3.8 REMUNERATION COMMITTEE/ REMUNERATION OF DIRECTORS

Our Company, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide remuneration of the Directors. Independent Directors are paid only sitting fees at rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and approved by the Government for attending the Board Meetings as well as Committee Meetings.

Details of remuneration of functional Directors of the company:



(in Rupees)

Sl. No.	Name of the Director	Salary	Benefits	Bonus/ Commission	Performance Linked Incentives	Total
1	Sh. C.P.Jain	1,741,471	282,730	-	149,036	2,173,237
2	Sh. K.K. Sinha (upto 27.06.2005)	716,467	184,214	-	49,446	950,127
3	Sh. P.Narasimharamulu (upto 31.07.2005)	901,139	153,078	-	84,396	1,138,613
4	Sh. T. Sankaralingam	597,912	170,319	-	163,130	931,361
5	Sh. Chandan Roy	576,600	691,211	-	152,877	1,420,688
6	Sh. R.S. Sharma	868,490	182,662	-	155,619	1,206,771
7	Shri R.K. Jain (From 05.05.2005)	722,928	116,138	-	123,352	962,418
8	Shri A.K. Singhal (From 01.08.2005)	514,192	78,124	-	103,796	696,112

Performance linked incentives paid is based on the incentive scheme applicable to all employees of the company.

Details of payments towards sitting fees to independent Directors during the year 2005-06 are given below:

(in Rupees)

Name of Part-time non-official Directors	Sitting Fees		Total
	Board Meeting	Committee Meeting	
Dr. R.K. Pachauri(Upto 26.08.2005 and From 30.01.2006)	10,000	40,000	50,000
Prof. Ashok Misra (From 30.01.2006)	20,000	10,000	30,000
Shri G.P. Gupta (From 30.01.2006)	20,000	-	20,000
Shri M.I. Beg (From 30.01.2006)	20,000	10,000	30,000

4. GENERAL BODY MEETINGS

Annual General Meeting

Date, time and location where the last three Annual General Meetings were held are as under:

Date	September 24, 2003	July 29, 2004	September 23, 2005
Time	3.00 P.M	2.00 P.M.	10.00 A.M.
Venue	NTPC Bhawan, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi -110 003		Siri Fort Auditorium Complex, August Kranti Marg, New Delhi – 110 049
Special Resolution	NIL	NIL	Change of name of the Company from National Thermal Power Corporation Limited to NTPC Limited

Special Resolution passed through Postal Ballot

Company has passed a Special Resolution to amend the existing Clause 4 of the Main Objects under the Object Clause of the Memorandum of Association of the Company by bifurcating it in two separate sub-clauses in a more enlarged and explicit manner for undertaking diversified range of fuel related activities. Notice dated 23rd April 2005 was served to all shareholders for voting through postal ballot as per provisions of section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and said special

resolution was approved by the Shareholders on 26th May 2005.

Ms. Madhurima Mukherjee, partner, M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co. was appointed as scrutinizer to conduct Postal Ballot. Out of total 40,520 Ballot Papers received 37,867 (representing 99.90% of total votes cast) voted in favour of the resolution.

No special resolution is proposed to be passed through Postal Ballot at the Annual General Meeting.

5. DISCLOSURES

The transactions with related parties contain (i) payment to companies under Joint Venture Agreement and on account of contracts for works/ services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in nature of potential conflicts with interest of the company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India.

The company has complied with all the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the company by any statutory authorities for non-compliance on any matter related to capital markets, during the last three years.

The Company has adopted all suggested items to be included in the Report on Corporate Governance. Information on adoption (and compliance) / non-adoption of the non-mandatory requirements is at Annex-1.

6. MEANS OF COMMUNICATION

The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through web site.

The Company also communicates with its institutional shareholders through a combination of analysts briefing and individual discussions as also participation at investor conferences from time to time.

Information and latest updates and announcement regarding the company can be accessed at company's website: www.ntpc.co.in including the following:

- Quarterly / Half-yearly / Annual Financial Results
- Shareholding Pattern
- Transcripts of conferences with analysts
- Corporate disclosures made from time to time to Stock Exchanges

Quarterly results

Newspapers	Date of publication of results for the quarter ended		
	30.06.2005	30.09.2005	31.12.2005
Financial Express	28.07.2005	28.10.2005	31.01.2006
Jansatta	28.07.2005	28.10.2005	31.01.2006

These results are also displayed at Company's website www.ntpc.co.in

- Official Releases and Presentations

The Company's official news releases, other press coverage,

presentations made to institutional investors or to the analysts were also made on the website.

In order to make the general public aware of the achievements of the company, a press conference is held after the close of the financial year where the highlights of the company during the year are briefed to the Press for information of the stakeholders with prior intimation to the Stock Exchanges.

7. CODE OF CONDUCT

The Board of Directors has laid down two separate Codes of Conduct - one for Board Members and another for Senior Management Personnel in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy each of the Codes of Conduct is available at the website of the Company.

Based on the affirmation received from Board Members and Senior Management Personnel, declaration regarding compliance of Codes of Conduct made by the Chairman & Managing Director is given below:

All the members of the Board and Senior Management Personnel have affirmed compliance of respective Code of Conduct for the financial year ended on March 31, 2006.

(T. Sankaralingam)
Chairman & Managing Director

8. CODE OF INSIDER TRADING

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Officers and Designated Employees) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn, is being forwarded to Stock Exchanges, wherever necessary. Company Secretary has been designated as Compliance Officer for this Code.

9. SHAREHOLDERS' INFORMATION

i) Annual General Meeting

Date : September 19, 2006

Time : 11.30 a.m.

Venue : NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110 001

ii) Financial Calendar for FY 2006-07

Particulars	Date
Accounting Period	April 1, 2006 to March 31, 2007
Unaudited financial results for the first three quarters	Announcement within a month from the end of each quarter
FourthQuarter Results	Announcement of Audited Accounts on or before June 30, 2007
AGM (Next year)	September 2007 (Tentative)

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 1, 2006 to September 15, 2006 (both days inclusive).

iv) Payment of Dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 8% (Rs. 0.8 per share) for the financial year ended March 31, 2006 in addition to the Interim Dividend of 20% (Rs. 2 per share) paid on February 27, 2006.

The record date for the payment of Dividend is August 31, 2006.

v) Dividend History

Year	Total paid-up capital (Rs. in crore)	Total amount of dividend paid (Rs. in crore)	Date of AGM in which dividend was declared	Date of payment
2000-01	7812.55	747.00	25.09.2001	26.09.2001
2001-02	7812.55	707.93	23.09.2002	25.09.2002
2002-03	7812.55	708.00	24.09.2003	24.09.2003
2003-04	7812.55	1082.30	29.07.2004	30.07.2004
2004-05	8245.46	1978.90	23.09.2005	27.09.2005
			12.02.2005*	10.03.2005
2005-06	8245.46	1649.09	30.01.2006*	27.02.2006

* Date of Board Meeting for interim dividend.

vi) Listing on Stock Exchanges

NTPC equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited Scrip Code: NTPC EQ	Bombay Stock Exchange Limited Scrip Code: 532555
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Stock Code : ISIN – INE733E01010

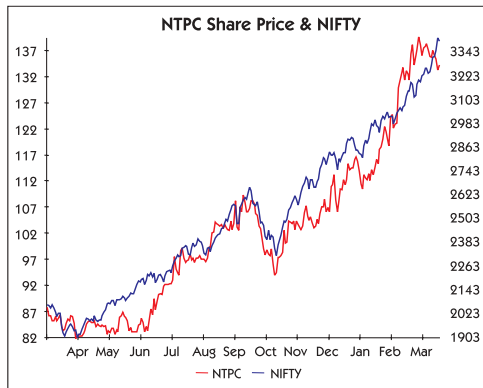
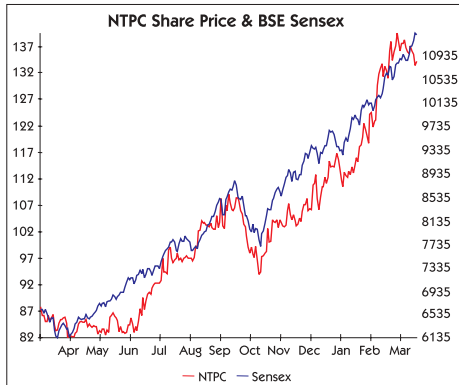
vii) Market Price - NSE

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)
April	99.00	80.00	82.15
May	86.00	81.15	83.50
June	87.70	82.00	83.00
July	97.90	82.95	93.80
August	102.65	93.20	102.05
September	109.75	99.00	105.95
October	109.75	91.80	97.15
November	107.75	95.95	104.25
December	113.90	101.00	112.00
January	118.00	110.20	114.50
February	135.00	114.60	131.15
March	142.00	130.55	134.10

viii) Market Price Data –BSE

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)
April	88.30	80.90	82.20
May	86.00	80.10	83.45
June	88.10	82.20	83.05
July	97.85	83.40	93.85
August	102.50	93.00	102.05
September	109.50	98.05	106.00
October	110.25	91.80	97.15
November	107.70	95.10	101.40
December	113.90	102.50	112.10
January	117.40	109.50	114.55
February	135.60	114.60	131.10
March	142.00	130.00	134.00

ix) Performance in comparison to indices



x) *Registrar and Transfer Agent*
 Karvy Computershare Pvt. Ltd
 Karvy House, 46, Avenue 4, Street No. 1
 Banjara Hills, Hyderabad – 500 034
 Phone No. : 040-2331 2454
 Fax No. : 040-2331 1968
 Email-id : ntpcipo@karvy.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of transfers etc. Shares transfers are approved by Sub-Committee of the Board for Allotment and Post-allotment activities of NTPC's Securities.

Pursuant to clause 47(C) of the Listing Agreement with Stock Exchanges, certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

xii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of holdings as on 31st March 2006 are given below:

According to Size

a. Distribution of shareholding according to size, % of holding as on March 31 2006:

Number of shares	Number of share holders	% of share holders	Total No. of shares	% of shares
1-5000	596434	93.51%	99170377	1.20%
5001-10000	23399	3.67%	17859826	0.22%
10001-20000	10052	1.58%	14468899	0.18%
20001-30000	3348	0.52%	8265947	0.10%
30001-40000	1191	0.19%	4200064	0.05%
40001-50000	914	0.14%	4230227	0.05%
50001-100000	1214	0.19%	8687335	0.11%
100001 and above	1252	0.20%	8088581725	98.10%
Total	637804	100%	8245464400	100%

b. Shareholding pattern as on March 31, 2006

Category	Total no. of shares	% to Equity
GOI	7379634400	89.50
FII	582968040	7.07
Indian Public	167152659	2.03
Banks & FI	45792086	0.56
Private Corp. Bodies	24977300	0.30
Mutual Funds	38898556	0.47
NRI / OCBs	2805654	0.03
Others	3235705	0.04
Total	8245464400	100.00

c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on March 31, 2006 are given below:

Name of Shareholder	No. of Shares	% to Paid-up Capital	Category
Government of India	7379634400	89.50	Government
Capital Research MNGT.Co. A/C Capt. World Growth & income fund	115168548	1.40	Foreign Institutional Investor

xiii) Dematerialisation of Shares

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode

	No. of shares	% of total capital issued
Held in dematerialized form in CDSL	19162138	0.23
Held indematerialized form in NSDL	8226253910	99.77
Physical	48352	0.00
Total	8245464400	100.00

The names and addresses of the Depositories are as under:

- National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound
Senapathi Bapat Marg,
Lower Parel, Mumbai-400 013
- Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
28th Floor, Dalal Street, Mumbai-400 023

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company

xv) Locations of NTPC plants



- i) Address for correspondence:
NTPC Bhawan, SCOPE Complex
7, Institutional Area, Lodi Road,
New Delhi – 110003

The phone numbers, fax numbers and e-mail ids for communication are given below:

	Telephone No.	Fax No.
Registered Office	2436 0100	2436 1018
Investor Services Department	2436 7072	2436 1724
e-mail id	isd@ntpc.co.in	
Public Spokesperson Mr. A.K. Kundu, Executive Director (Finance)	2436 9335	24365742
e-mail id	akkundu@ntpc.co.in	
Company Secretary Mr. Anil Kumar Rastogi	2436 0071	2436 0241
e-mail id	akrastogi@ntpc.co.in	

For and on behalf of Board of Directors

(T. Sankaralingam)
Chairman & Managing Director

Place: New Delhi
Date: 31st July, 2006

Non-Mandatory requirements

1. The Board: The Company is headed by an executive Chairman. No Independent Director has been appointed for the period exceeding, in the aggregate, a period of nine years, on the Board of the company.
2. Remuneration Committee: This aspect has been dealt elaborately in para 3.8 of this Report.
3. Shareholders' rights: Separate half-yearly report has not been sent to each household of shareholders. However, the financial results for the half-year ended September 30, 2005 were published in Financial Express and Jansatta dated October 28, 2005 and also put up on website of the company.
4. Audit Qualification: The financial statement for the year 2005-06 has no audit qualifications.
5. Training to Board Members: Board Members are deputed to attend various training programmes, seminars, conferences, meets etc. from time to time.
6. Mechanism for evaluating non-executive Board Members: Not yet adopted by the Company.
7. Whistle Blower Policy: The Company has not adopted/introduced Whistle Blower Policy. However, the Company has not denied access to any employee to approach the Management.

To the Members
NTPC Limited

We have examined the compliance of conditions of corporate governance by NTPC Limited, for the year ended on March 31, 2006 as stipulated in clause 49 of Listing Agreements in respect of Equity Shares of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, except the composition of the Board of Directors and Audit Committee as reported in para 2.2 and para 3.1 of Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kalani & Co.
Chartered Accountants

(K.L. Jhanwar)
Partner
M. No. 14080

For Umamaheswara Rao & Co.
Chartered Accountants

(G. Sivaramakrishna Prasad)
Partner
M. No. 24860

For T.R. Chadha & Co.
Chartered Accountants

(Sanjay Gupta)
Partner
M. No. 87563

Place: New Delhi
Date: 31st July, 2006

For Amit Ray & Co.
Chartered Accountants

(Amitava Ray)
Partner
M. No. 06947

For S.N. Nanda & Co.
Chartered Accountants

(S.N. Nanda)
Partner
M.No. 5909