

ACCOUNTING POLICIES

1. GRANTS-IN-AID

- 1.1 Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- 1.2 Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.
- 1.3 Grants from Government and other agencies towards revenue expenditure are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

2. FIXED ASSETS

- 2.1 Fixed Assets are shown at historical cost.
- 2.2 Intangible assets are recorded at their cost of acquisition.
- 2.3 Capital expenditure on assets not owned by the company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 2.4 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relating to land in possession are treated as cost of land.
- 2.5 In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 2.6 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

3. CAPITAL WORK-IN-PROGRESS

- 3.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 3.2 Incidental Expenditure during Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.
- 3.3 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 3.4 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

4. OIL AND GAS EXPLORATION COSTS

- 4.1 The Company follows 'Successful Efforts Method' for accounting of oil and gas exploration activities.
- 4.2 Cost of surveys and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.
- 4.3 All acquisition costs are initially capitalized as "Exploratory Wells-in-Progress" under Capital Work-in-Progress.

5. DEVELOPMENT OF COAL MINES

Expenditure on exploration of new coal deposits is capitalized as "Development of coal mines" under Capital Work-in-Progress till the mines project is brought to revenue account.

6. FOREIGN CURRENCY TRANSACTIONS

- 6.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 6.2 At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- 6.3 Exchange differences in respect of loans/deposits/liabilities relating to fixed assets/capital work-in-progress acquired from a country outside India are adjusted in the carrying cost of related assets.
- 6.4 Exchange differences in respect of loans relating to fixed assets/capital work-in-progress acquired within India to the extent regarded as an adjustment to interest cost are treated as borrowing cost.
- 6.5 Exchange differences, in respect of loans (other than regarded as borrowing cost)/deposits/liabilities relating to fixed assets/capital work-in-progress acquired within India, arising out of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related assets. Such exchange differences in respect of transactions entered after 01.04.2004 are treated as Incidental Expenditure During Construction till the assets are ready for their intended use.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

6.6 Other exchange differences are recognized as income or expense in the period in which they arise.

7. BORROWING COSTS

Borrowing costs attributable to the fixed assets during their construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

8. INVESTMENTS

8.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.

8.2 Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

8.3 Premium paid on long term investments is amortised over the period remaining to maturity.

9. INVENTORIES

9.1 Inventories are valued at the lower of cost, determined on weighted average basis, and net realizable value.

9.2 Diminution in value of obsolete and unserviceable stores and spares is ascertained on review and provided for.

10. PROFIT AND LOSS ACCOUNT

10.1 INCOME RECOGNITION

10.1.1 Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission. In case of power stations where the tariff rates are yet to be approved /agreed with beneficiaries, provisional rates are adopted.

10.1.2 The incentives/disincentives are accounted for based on the norms notified/approved by the Central Electricity Regulatory Commission or agreements with the beneficiaries. In cases of power stations where the same have not been notified/approved/agreed with beneficiaries, incentives/disincentives are accounted for on provisional basis.

10.1.3 Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.

10.1.4 The surcharge on late payment/overdue sundry debtors for sale of energy is recognized when no significant uncertainty as to measurability or collectability exists.

10.1.5 Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated as accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/acceptances.

10.1.6.1 Income from Consultancy service is accounted for on the basis of actual progress/technical assessment of work executed, in line with the terms of respective consultancy contracts.

10.1.6.2 Claims for reimbursement of expenditure are recognized as other income, as per the terms of Consultancy service contracts.

10.1.7 Scrap other than steel scrap is accounted for in the accounts as and when sold.

10.1.8 Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

10.2 EXPENDITURE

10.2.1 Depreciation is charged on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Kutcha Roads	47.50 %
b) Enabling works	
- residential buildings including their internal electrification	6.33 %
- non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips	19.00 %



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

- 10.2.2 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 10.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of capitalization.
- 10.2.4 Cost of computer software recognized as intangible assets is amortised on straight line method over a period of legal right to use or 3 years, whichever is earlier.
- 10.2.5 Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.
- 10.2.6 Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant and machinery.
- 10.2.7 Capital expenditure on assets not owned by the company is amortised over a period of 4 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations fully under operation is charged off to revenue.
- 10.2.8 Leasehold buildings are amortised over the lease period or 30 years, whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- 10.2.9.1 Expenses on training, recruitment and ex-gratia payments under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.
- 10.2.9.2 Research and development expenses, other than fixed assets, are charged to revenue in the year of incurrence.
- 10.2.9.3 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue in the year of incurrence.
- 10.2.10 Expenditure on leave travel concession to employees is recognized in the year of availment due to uncertainties in accrual.
- 10.2.11 Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure During Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to Capital Work-in-Progress in the case of projects.
- 10.2.12 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 10.2.13 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 10.2.14 Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

11. RETIREMENT BENEFITS

- 11.1 The liability for retirement benefits of employees in respect of Provident Fund and Gratuity, which is ascertained annually on actuarial valuation at the year end, are accrued and funded separately.
- 11.2 The liabilities for leave encashment and post retirement medical benefits to employees are accounted for on accrual basis based on actuarial valuation at the year end.

12. FINANCE LEASES

- 12.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 12.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per Accounting Policy 10.2.1. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- 12.3 Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

BALANCE SHEET AS AT 31st MARCH 2006

	SCHEDULE NO.	31.03.2006	Rs. Million 31.03.2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	82,455	82,455
Reserves and surplus	2	367,551	335,621
		<u>450,006</u>	<u>418,076</u>
Deferred Revenue on account of Advance Against Depreciation	3	4,408	3,374
LOAN FUNDS			
Secured loans	4	59,664	46,408
Unsecured loans	5	165,133	126,619
		<u>224,797</u>	<u>173,027</u>
Deferred Tax Liability (Net)		53,479	50,791
Less: Recoverable		53,439	50,759
		<u>40</u>	<u>32</u>
TOTAL		<u>679,251</u>	<u>594,509</u>
APPLICATION OF FUNDS			
GOODWILL ON CONSOLIDATION			
		756	6
FIXED ASSETS			
Gross Block	6	463,648	433,767
Less: Depreciation		230,607	208,779
Net Block		<u>233,041</u>	<u>224,988</u>
Capital Work-in-Progress	7	129,297	67,157
Construction stores and advances	8	33,504	32,927
		<u>395,842</u>	<u>325,072</u>
INVESTMENTS	9	185,922	206,565
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	23,679	18,002
Sundry debtors	11	9,725	14,673
Cash and bank balances	12	86,075	61,983
Other current assets	13	10,229	9,802
Loans and advances	14	30,597	27,028
		<u>160,305</u>	<u>131,488</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	15	51,152	53,304
Provisions	16	12,422	15,318
		<u>63,574</u>	<u>68,622</u>
Net current assets		<u>96,731</u>	<u>62,866</u>
TOTAL		<u>679,251</u>	<u>594,509</u>
Contingent liabilities	17		
Notes on accounts	27		

Schedules 1 to 27 and accounting policies form integral part of accounts.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(T.SANKARALINGAM)
Chairman & Managing Director

As per our report of even date

For Kalani & Co.
Chartered Accountants
(Vikas Gupta)
Partner
M No. 77076

For Amit Ray & Co.
Chartered Accountants
(Pradeep Mukherjee)
Partner
M No 70693

For Umamaheswara Rao & Co.
Chartered Accountants
(G. Sivaramakrishna Prasad)
Partner
M No. 24860

For S.N. Nanda & Co.
Chartered Accountants
(Bhavna Nanda)
Partner
M No 95275

For T.R. Chadha & Co.
Chartered Accountants
(Sanjay Gupta)
Partner
M No 87563

Place : New Delhi
Dated : 31st May 2006

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006

	SCHEDULE NO.	Current Year	Rs. Million Previous Year
INCOME			
Sales (Gross)	18	271,519	236,738
Less: Electricity duty		1,938	1,825
Sales (Net)		269,581	234,913
Energy internally consumed		276	248
Provisions written back	19	23	6,236
Other income	20	26,244	23,728
Total		296,124	265,125
EXPENDITURE			
Fuel		163,963	137,248
Electricity purchased		6,189	7,303
Cost of material and services		952	904
Employees' remuneration and benefits	21	9,964	9,082
Generation, Administration & other expenses	22	13,148	12,497
Depreciation		20,710	19,824
Provisions	23	358	75
Interest and finance charges	24	17,842	17,219
Total		233,126	204,152
Profit before Tax and Prior Period Adjustments		62,998	60,973
Prior Period income/ expenditure (net)	25	2,488	(102)
Profit before tax		60,510	61,075
Provision for:			
Current tax		2,366	2,782
Fringe Benefit tax		16	-
Less : Transferred to Incidental expenditure during construction		288	-
Profit after current tax		58,416	58,293
Provision for Deferred tax		8	7
Profit of the Group after tax		58,408	58,286
Balance brought forward		1,028	726
Write back from Bond Redemption Reserve		16	17
Write back from Foreign Project Reserve		2	2
Balance available for appropriation		59,454	59,031
Transfer to Bonds Redemption Reserve		2,926	2,351
Transfer to Capital Reserve		29	22
Transfer to General Reserve		29,039	33,022
Dividend			
Interim		16,501	9,895
Proposed		6,683	10,013
Tax on Dividend			
Interim Dividend		2,314	1,292
Proposed Dividend		937	1,408
Balance carried to Balance Sheet		1,025	1,028
Incidental expenditure during construction	26	7.08	7.29
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted			
Total Income includes Rs.4,547 million share of jointly controlled entities.			
Total Expenditure includes Rs. 4,259 million share of jointly controlled entities			

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(T.SANKARALINGAM)
Chairman & Managing Director

As per our report of even date

For Kalani & Co.
Chartered Accountants
(Vikas Gupta)
Partner
M No. 77076

For Amit Ray & Co.
Chartered Accountants
(Pradeep Mukherjee)
Partner
M No 70693

For Umamaheswara Rao & Co.
Chartered Accountants
(G. Sivaramakrishna Prasad)
Partner
M No. 24860

For S.N. Nanda & Co.
Chartered Accountants
(Bhavna Nanda)
Partner
M No 95275

For T.R. Chadha & Co.
Chartered Accountants
(Sanjay Gupta)
Partner
M No 87563

Place : New Delhi
Dated : 31st May 2006



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 1

CAPITAL

AUTHORISED

10,000,000,000 equity shares of Rs. 10/- each (Previous year 10,000,000,000 equity shares of Rs. 10/- each)

31.03.2006

Rs. million

31.03.2005

100,000

100,000

ISSUED, SUBSCRIBED AND PAID-UP

8,245,464,400 equity shares of Rs. 10/- each fully paid up (Previous year 8,245,464,400 equity shares of Rs. 10/- each fully paid up)

82,455

82,455

Schedule 2

RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet

1,279

1,259

Add: Additions during the year

29

22

Less: Adjustments during the year

-

2

1,308

1,279

Share Premium Account

As per last Balance Sheet

22,360

26

Add: Additions during the year

-

22,511

Less : Adjustment of share issue expenses during the year

53

177

22,307

22,360

Bonds Redemption Reserve

As per last Balance Sheet

6,405

4,071

Add: Transfer from Profit and Loss Account

2,926

2,351

Less : Write back during the year

16

17

9,315

6,405

Foreign Project Reserve

As per last Balance Sheet

2

4

Less : Write back during the year

2

2

*Rs. 81,229

2

General Reserve

As per last Balance Sheet

304,547

271,525

Add: Transfer from Profit and Loss Account

29,039

33,022

Add: Adjustment towards dividend

10

-

333,596

304,547

Surplus, balance in Profit & Loss Account

1,025

1,028

Total

367,551

335,621

Includes **Rs.447 million** share of jointly controlled entities.

Schedule 3

DEFERRED REVENUE - on account of

Advance Against Depreciation

As per last Balance Sheet

3,374

1,591

Add: Revenue deferred during the year

1,505

1791

Less: Revenue recognised during the year

471

8

Total

4,408

3,374

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 4

SECURED LOANS

Cash credit from scheduled banks (secured by the hypothecation of Stock & Book Debts of Bhilai Electric Supply Company Pvt. Ltd.)

Bonds

10.00% Secured Non-Convertible Taxable Bonds of Rs.10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th year in annual instalments thereafter upto the end of 10th year respectively from 5th September, 2001 (Twelfth Issue - Private Placement)¹

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6th year and upto the end of 15th year respectively from 18th April 2002 (Thirteenth Issue -Part A - Private Placement)²

9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th year and in annual instalments thereafter upto the end of 15th year respectively from 30th April, 2002 - (Thirteenth Issue - Part B - Private Placement)²

8.05% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with two equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 4th and 5th year respectively from 1st August, 2002 (Fourteenth issue - Private Placement) ²

13.60% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 1,00,000/- each redeemable at par in three annual instalments of 30%, 30% and 40% commencing from 28th September 2004 (Fifteenth Issue - Part C - Private Placement)²

8.00% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10th April 2018 (Sixteenth Issue -Private Placement)³

8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs10,00,000/- each redeemable at par on 1st May 2023 (Seventeenth Issue - Private Placement)³

5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6th year and in annual instalments thereafter upto the end of 10th year respectively from 15th September 2003 (Eighteenth Issue - Private Placement)⁴

7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 12th January, 2019 (Nineteenth Issue - Private Placement)⁵

7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23rd September 2009 and ending on 23rd March 2019 (Twentieth Issue - Private Placement)⁶

7.7125% Secured Non-cumulative Non-convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2nd August 2010 and ending on 2nd February 2020 (Twenty first issue - Private Placement)⁷

Loans and Advances from Banks

Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year **Rs.1,702 million**, Previous year 1,633 million) ⁸

Rupee Term Loans (Due for repayment within one year **Rs.300 million**, Previous year Rs. 247 milion)⁹

Other Loans and Advances

Rupee Term loans (Due for repayment within one year **Rs.nil**, Previous year Rs.Nil)¹⁰

Obligation under finance lease (Due for repayment within one year **Rs.4 million**, Previous year Rs.3 million)¹¹

TOTAL

Includes **Rs. 2,337 million** share of jointly controlled entities

	31.03.2006	Rs. million 31.03.2005
Cash credit from scheduled banks (secured by the hypothecation of Stock & Book Debts of Bhilai Electric Supply Company Pvt. Ltd.)	-	48
Bonds		
10.00% Secured Non-Convertible Taxable Bonds of Rs.10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year in annual instalments thereafter upto the end of 10 th year respectively from 5 th September, 2001 (Twelfth Issue - Private Placement) ¹	5,000	5,000
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6 th year and upto the end of 15 th year respectively from 18 th April 2002 (Thirteenth Issue -Part A - Private Placement) ²	7,500	7,500
9.55% Secured Non-Cumulative Non-Convertible Taxable Redeemable Bonds of Rs. 10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6 th year and in annual instalments thereafter upto the end of 15 th year respectively from 30 th April, 2002 - (Thirteenth Issue - Part B - Private Placement) ²	7,500	7,500
8.05% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each with two equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 4 th and 5 th year respectively from 1 st August, 2002 (Fourteenth issue - Private Placement) ²	5,000	5,000
13.60% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 1,00,000/- each redeemable at par in three annual instalments of 30%, 30% and 40% commencing from 28 th September 2004 (Fifteenth Issue - Part C - Private Placement) ²	44	77
8.00% Secured Non-cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 10 th April 2018 (Sixteenth Issue -Private Placement) ³	1,000	1,000
8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs10,00,000/- each redeemable at par on 1 st May 2023 (Seventeenth Issue - Private Placement) ³	500	500
5.95% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs 10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6 th year and in annual instalments thereafter upto the end of 10 th year respectively from 15 th September 2003 (Eighteenth Issue - Private Placement) ⁴	5,000	5,000
7.50% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.10,00,000/- each redeemable at par on 12 th January, 2019 (Nineteenth Issue - Private Placement) ⁵	500	500
7.552% Secured Non Cumulative Non-Convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23 rd September 2009 and ending on 23 rd March 2019 (Twentieth Issue - Private Placement) ⁶	5,000	-
7.7125% Secured Non-cumulative Non-convertible Redeemable Taxable Bonds of Rs.20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 2 nd August 2010 and ending on 2 nd February 2020 (Twenty first issue - Private Placement) ⁷	10,000	-
Loans and Advances from Banks		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.1,702 million , Previous year 1,633 million) ⁸	10,274	12,319
Rupee Term Loans (Due for repayment within one year Rs.300 million , Previous year Rs. 247 milion) ⁹	1,682	1,453
Other Loans and Advances		
Rupee Term loans (Due for repayment within one year Rs.nil , Previous year Rs.Nil) ¹⁰	655	500
Obligation under finance lease (Due for repayment within one year Rs.4 million , Previous year Rs.3 million) ¹¹	9	11
TOTAL	59,664	46,408



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

**Schedule 4
SECURED LOANS**

Note:

- 1 Secured by (I) English mortgage of the office premises of National Thermal Power Corporation Ltd. at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge already created in favour of the Company's Bankers on such moveable assets hypothecated to them for working capital requirement and (III) Equitable Mortgage by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station.
- 2 Secured by (I) English mortgage of the office premises of National Thermal Power Corporation Ltd., the company at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge already created in favour of the Company's Bankers on such moveable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
- 3 Secured by (I) English mortgage of the office premises of NTPC Ltd. at Mumbai and (II) Equitable mortgage by deposit of title deeds of the immovable properties pertaining to National Capital Power Station.
- 4 Secured by (I) English mortgage of the office premises of NTPC Ltd. at Mumbai, (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge already created in favour of the Company's Bankers on such moveable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties pertaining to National Capital Power Station by extension of charge already created.
- 5 Secured by (I) English mortgage of the office premises of NTPC Ltd. at Mumbai and (II) Hypothecation of all the present and future movable assets (excluding receivables) of Singrauli Super Thermal Power Station, Anta Gas Power Station, Auraiya Gas Power Station, Barh Super Thermal Power Project, Farakka Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Koldam Hydel Power Project, Simhadri Super Thermal Power Project, Sipat Super Thermal Power Project, Talcher Thermal Power Station, Talcher Super Thermal Power Project, Tanda Thermal Power Station, Vindhyachal Super Thermal Power Station, National Capital Power Station, Dadri Gas Power Station, Feroze Gandhi Unchahar Power Station, Loharinag Pala Hydro Power Project and Tapovan-Vishnugad Hydro Power Project as first charge, ranking pari-passu with charge already created in favour of the Company's Bankers on such moveable assets hypothecated to them for working capital requirement.
- 6 Secured by (I) English mortgage of the office premises of NTPC Ltd. at Mumbai and (II) Equitable mortgage by deposit of title deeds of the immovable properties pertaining to Ramagundam Super Thermal Power Station.
- 7 Secured by (I) English mortgage of the office premises of NTPC Ltd. at Mumbai, (II) Hypothecation of all the present and future moveable assets (excluding receivables) of Barh Super Thermal Power Project as first charge, ranking pari passu with charge already created in favour of Trustee for other Series of Bonds and (III) Equitable mortgage of the immovable properties pertaining to Ramagundam Super Thermal Power Station by extension of charge already created.
- 8 Secured by English mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to however, Company's Banker's first charge on certain moveable assets hypothecated to them for working capital requirement.
- 9 Secured by (I) Equitable mortgage/hypothecation of all the present and future fixed assets and movable assets of Bhilai Captive Power Plant II and Registered Office at New Delhi and (II) Secured by equitable mortgage/hypothecation of all the present and future fixed assets and movable assets of Bhilai Expansion Project and Secured by equitable mortgage/hypothecation/ranking paripassu of all present and future fixed and movable assets of Durgapur and Rourkela Captive Power Plants and Corporate Office, Delhi.
- 10 Secured by equitable mortgage/hypothecation of all the present and future assets and movable assets of Bhilai Expansion Project.
- 11 Secured against fixed assets obtained under finance lease.

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

**Schedule 5
UNSECURED LOANS**

	31.03.2006	Rs. million 31.03.2005
Fixed Deposits		
(Due for repayment within one year Rs.449 million , Previous year Rs.3,337 million)	778	4,159
Bonds		
7.552% Secured Non-Cummulative Non-Convertible Redeemable Taxable Bonds of Rs. 20,00,000/- each with twenty equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par semi-annually commencing from 23 rd September, 2009 and ending on 23 rd March 2019 (Twentieth Issue - Private Placement - shown under Secured Loans in current year on creation of security)	-	5,000
Foreign Currency Bonds/ Notes		
5.5% Eurobonds due for repayment on 10 th March 2011	8,990	8,814
5.875% Fixed Rate Notes due for repayment on 2 nd March 2016	13,485	-
Other Loans and Advances		
From Banks and Financial Institutions		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.181 million , Previous year Nil)	23,064	24,723
Other Foreign Currency Term Loans (Due for repayment within one year Rs.1,584 million , Previous year Rs.1,667 million)	10,272	7,885
Rupee Term Loans (Due for repayment within one year Rs.8,963 million , Previous year Rs. 7,618 million)	99,342	75,339
From Others		
Loan from Government of India (Due for repayment within one year Rs. 156 million , Previous year Rs. 315 million)	236	551
Others (Due for repayment within one year Rs.425 million , Previous year Rs. Nil)	8,966	148
TOTAL	165,133	126,619
Includes Rs. 20,487 million share of jointly controlled entities		



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

**Schedule 6
FIXED ASSETS**

Rs. million

	Gross Block			As at 31.03.2006	Depreciation			Upto 31.03.2006	Net Block	
	As at 1.04.2005	Additions	Deductions/ Adjustments		As at 1.04.2005	For the Year	Deductions/ Adjustments		As at 31.03.2006	As at 31.03.2005
TANGIBLE ASSETS										
Land :										
(including development)										
Freehold	9,977	201	(364)	10,542	-	-	-	-	10,542	9,977
Leasehold	1,859	940	(117)	2,916	279	45	(9)	333	2,583	1,580
Roads,bridges, culverts & helipads	3,632	152	2	3,782	610	63	1	672	3,110	3,022
Building :										
Freehold										
Main plant	16,503	416	(41)	16,960	8,020	545	(7)	8,572	8,388	8,483
Others	14,703	668	(20)	15,391	3,716	399	5	4,110	11,281	10,987
Leasehold	469	-	-	469	108	16	-	124	345	361
Temporary erection	189	15	-	204	185	13	-	198	6	4
Water Supply, drainage & sewerage	4,966	33	11	4,988	1,231	251	4	1,478	3,510	3,735
MGR track and signalling system	6,344	16	(25)	6,385	4,232	268	(4)	4,504	1,881	2,112
Railway Siding	2,371	10	(3)	2,384	559	114	1	672	1,712	1,812
Earth Dam Reservoir	1,481	-	11	1,470	269	70	-	339	1,131	1,212
Plant and machinery	360,915	26,726	609	387,032	182,988	19,474	42	202,420	184,612	177,927
Furniture, fixtures & other office equipment	3,145	213	9	3,349	2,081	124	11	2,194	1,155	1,064
EDP, WP machines and SATCOM equipment	2,196	194	44	2,346	1,592	144	33	1,703	643	604
Vehicles including speedboats	98	4	7	95	81	3	7	77	18	17
Construction equipment	951	97	21	1,027	584	52	21	615	412	367
Electrical Installations	1,804	99	(40)	1,943	900	80	3	977	966	904
Communication Equipments	591	36	1	626	321	20	1	340	286	270
Hospital Equipments	195	8	1	202	118	7	1	124	78	77
Laboratory and workshop equipments	124	7	-	131	95	3	-	98	33	29
Leased assets - Vehicles	14	1	-	15	3	4	-	7	8	11
Capital expenditure on assets not owned by the Company	1,105	77	(47)	1,229	757	198	-	955	274	348
Assets held for disposal valued at net book value or net realisable value whichever is less	31	-	17	14	-	-	-	-	14	31
Assets of Government	28	-	-	28	-	-	-	-	28	28
Less:Grants from Government	28	-	-	28	-	-	-	-	28	28
INTANGIBLE ASSETS										
Land- Right of Use	7	-	(6)	13	-	-	-	-	13	7
Software	97	38	-	135	50	45	-	95	40	47
Total	433,767	29,951	70	463,648	208,779	21,938	110	230,607	233,041	224,988
Previous year	402,917	29,644	(1,206)	433,767	188,362	20,497	80	208,779	224,988	214,555

Net Fixed Assets includes **Rs.2,137 million** share of jointly controlled entities

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 7

CAPITAL WORK-IN-PROGRESS

					Rs. million
	As at 1.04.2005	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2006
Development of land	1,254	702	13	-	1,943
Roads, bridges, culverts & helipads	153	258	(91)	152	350
Piling and foundation	1,028	890	-	-	1,918
Buildings :					
Main plant	2,968	1,618	1,123	417	3,046
Others	1,022	1,313	43	658	1,634
Temporary erection	3	20	-	6	17
Water supply, drainage and sewerage system	51	146	4	31	162
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	4,005	2,471	-	-	6,476
MGR track and signalling system	48	1,348	17	16	1,363
Railway siding	15	102	-	10	107
Earth dam reservoir	136	416	-	-	552
Plant and machinery :					
On own account	306	901	394	4	809
On supply-cum-erection contract	54,319	77,970	(1,238)	26,343	107,184
Furniture, fixtures and other office equipment	11	84	(8)	44	59
EDP/WP Machines & SATCOM equipment	14	27	3	29	9
Construction Equipments	-	5	-	-	5
Electrical installations	125	245	47	94	229
Communication equipment	19	10	1	22	6
Intangible assets - software	4	4	-	5	3
Capital expenditure on assets not owned by the company	178	171	13	77	259
Exploratory Wells-In-Progress (*Rs.55,900/-)	-	*	-	-	*
Development of Coal Mines	-	31	-	-	31
	<u>65,659</u>	<u>88,732</u>	<u>321</u>	<u>27,908</u>	<u>126,162</u>
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	484	106	44	-	546
Difference in exchange on foreign loans	2	175	93	-	84
Expenditure towards diversion of forest land	882	145	-	-	1,027
Pre-commissioning expenses (net)	198	585	548	-	235
Incidental expenditure during construction	55	7,020	2	-	7,073
Less: Allocated to Capital Work-in-Progress	-	5,701	-	-	5,701
	<u>67,280</u>	<u>91,062</u>	<u>1,008</u>	<u>27,908</u>	<u>129,426</u>
Less: Provision for unserviceable works	123	6	-	-	129
Total	<u><u>67,157</u></u>	<u><u>91,056</u></u>	<u><u>1,008</u></u>	<u><u>27,908</u></u>	<u><u>129,297</u></u>
Previous Year	56,454	39,782	800	28,279	67,157

Includes **Rs.25,263 million** share of jointly controlled entities



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 8

CONSTRUCTION STORES AND ADVANCES

Rs. million

	31.3.2006	31.03.2005
CONSTRUCTION STORES *		
(At cost)		
Steel	3,066	3,452
Cement	85	96
Others	9,199	6,982
	<u>12,350</u>	<u>10,530</u>
Less: Provision for shortages	5	5
	<u>12,345</u>	<u>10,525</u>
ADVANCES FOR CAPITAL EXPENDITURE		
Secured	229	49
Unsecured, considered good		
Covered by bank guarantees	16,760	18,067
Others	4,170	4,286
Considered doubtful	74	66
	<u>21,233</u>	<u>22,468</u>
Less: Provision for bad & doubtful advances	74	66
	<u>21,159</u>	<u>22,402</u>
Total	<u>33,504</u>	<u>32,927</u>
	<u>9,474</u>	<u>7,455</u>

* includes material in transit, under inspection and with contractors
Includes **Rs.1,161 million** share of jointly controlled entities

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 9
INVESTMENTS

	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2006	Rs. million 31.03.2005
I. LONG TERM (Trade - unless otherwise specified)				
A) Quoted				
a) Government of India Dated Securities (Non-Trade)				
(Includes Rs. Nil as balance of unutilised monies raised by issue of shares, previous year Rs.5,102 million)	45500000 (45500000)	100 (100)	5084	5102
Less:- Amortisation of Premium			413	-
			4671	5102
b) Trust Securities ^(#)				
6.60% UTI - ARS NCB Tax Free Bonds, 2009	321746 (2171332)	100 (100)	34	230
6.75% UTI - NCB Tax Free Bonds, 2008	- (110481)	- (100)	-	11
c) Bonds ^(#)				
7.75% IRFC Non-Taxable Bonds (Series XXVII), 2011	14 (135)	1000000 (1000000)	16	160
8.50% Housing and Urban Development Corporation Limited (HUDCO) Gujarat Punar Nirman Tax-Free Bonds Series 1A, 2007	18 (177)	500000 (500000)	10	98
10.40% Power Finance Corporation Ltd. Unsecured Tax-Free Bonds 1998 (Series I), 2008	117 (872)	100000 (100000)	14	105
4.75% Nuclear Power Corporation of India Ltd. Secured Non-Convertible Bonds (LOA), Series XXIV, 2019	- (7)	- (1000000)	-	7
10.40% Nuclear Power Corporation of India Ltd. Tax Free Secured Non-Convertible Bonds, Series XI A2, 2007	- (1771)	- (100000)	-	198
10.50% Nuclear Power Corporation of India Ltd. Tax-Free Secured Redeemable Non-Convertible Bonds, Series XII (LOA), 2013	- (138)	- (100000)	-	15
9.50% National Textile Corporation Limited Tax-Free Non-Convertible Bonds, 2006	445 (3436)	100000 (100000)	49	377
5.00% NABARD Unsecured, Non-Convertible Tax-Free Bonds, Series IV G, 2008	2639 (15597)	10000 (10000)	27	158
8.25% Nuclear Power Corporation of India Ltd. Tax-Free Secured Redeemable NCB SR-15 (LOA), 2016	24 (1561)	100000 (100000)	3	172
8.20% Nuclear Power Corporation of India Ltd. Tax- Free Secured Redeemable NCB SR-18 (LOA), 2012 (*Rs.1,07,296/-)	1 (1113)	100000 (100000)	*	119
5.15 % Non Priority Sector Tax-Free Housing and Urban Development Corporation Limited (HUDCO) Bonds Series XXXIV, 2014	14 (286)	1000000 (1000000)	14	286
Sub Total (A)			4838	7038
B) Unquoted				
a) Bonds				
i) 8.50 % Tax-Free State Government Special Bonds of the Government of ^(##)				
Andhra Pradesh	12606500 (12606500)	1000 (1000)	12,607	12,607
Assam	514640 (514640)	1000 (1000)	515	515
Bihar	18944000 (14666600)	1000 (1000)	18,944	14,667
Chattisgarh	4832200 (4832200)	1000 (1000)	4,832	4,832
Gujarat	8372400 (8372400)	1000 (1000)	8,372	8,372



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	Rs. million	
			31.03.2006	31.03.2005
Haryana	10750000 (10750000)	1000 (1000)	10,750	10,750
Himachal Pradesh	333880 (333880)	1000 (1000)	334	334
Jammu and Kashmir	3673600 (3673600)	1000 (1000)	3,674	3,674
Jharkhand	9601216 (6222716)	1000 (1000)	9,601	6,223
Karnataka	1966100 (1966100)	1000 (1000)	1,966	1,966
Kerala	10024000 (10024000)	1000 (1000)	10,024	10,024
Madhya Pradesh	8308400 (8308400)	1000 (1000)	8,308	8,308
Maharashtra	3814000 (3814000)	1000 (1000)	3,814	3,814
Orissa	11028740 (11028740)	1000 (1000)	11,029	11,029
Punjab	3462300 (3462300)	1000 (1000)	3,462	3,462
Rajasthan	2900000 (2900000)	1000 (1000)	2,900	2,900
Sikkim	341960 (341960)	1000 (1000)	342	342
Tamil Nadu	4650660 (4650660)	1000 (1000)	4,651	4,651
Uttar Pradesh	39899000 (39899000)	1000 (1000)	39,899	39,899
Uttaranchal	3996500 (3996500)	1000 (1000)	3,996	3,996
West Bengal	11742480 (11742480)	1000 (1000)	11,742	11,742
ii) Other Bonds				
12.50 % Secured Non-convertible Redeemable Western Electricity Supply Company (WESCO) Bonds, Series - I/2000, 2007	10300 (10300)	70000 (100000)	721	1,030
12.50 % Secured Non-convertible Redeemable North Eastern Electricity Supply Company (NESCO) Bonds, Series - I/2000, 2007	16700 (16700)	70000 (100000)	1169	1,670
12.50 % Secured Non-convertible Redeemable Southern Electricity Supply Company (SOUTHCO) Bonds, Series - I/2000, 2007	13000 (13000)	70000 (100000)	910	1,300
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 , 03/02,2009	2660 (2660)	75000 (100000)	200	266
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003, 04-09/02,2009	19536 (19536)	87500 (100000)	1709	1,953
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds, Series-1/2003 - 10/02,2009	5970 (5970)	100000 (100000)	597	597
10.00 % Secured Non-Cumulative Non-Convertible Redeemable Grid Corporation of Orissa (GRIDCO) Power Bonds Series-1/2003, 02/02 & 11/02,2009	- (6119)	- (100000)	-	612
7.90 % Secured Non-Convertible Redeemable Tax free PSU Bonds (VIII issue) - North Eastern Electric Power Corporation Ltd. (NEEPCO) Bonds, 2010 ^(#)	5 (281)	1000000 (1000000)	5	295
8.75 % IREDA (Tax-Free) Bonds (Series IX), 2008 ^(#)	5510 (42175)	1000 (1000)	6	46

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

			Rs. million
	Number of shares/bonds/ securities Current Year/ (Previous Year)	Face value per share/bond/ security Current Year/ (Previous Year) (Rs.)	31.03.2006 31.03.2005
6.00 % IREDA (Tax-Free) Bonds (Series X), 2013 ^(#)	6612 (48235)	1000 (1000)	7 51
5.50 % IREDA (Tax- Free) Bonds (Series XI), 2013 ^(#)	7348 (38445)	1000 (1000)	8 40
b) Others			102 136
Sub Total (B)			177,196 172,103
Sub Total (I)			182,034 179,141
II. CURRENT (Non - Trade - Quoted)			
Government of India Treasury Bills	40000000 (277902500)	100 (100)	3,837 27,079
Government of India Dated Securities	-	-	- 323
Others (Non-Trade- Unquoted)	(3177320)	(100)	51 22
Sub Total (II)			3,888 27,424
Total (I + II)			185,922 206,565

Includes **Rs.153 million** share of jointly controlled entities

(#) Development Surcharge Fund Investments

(##) Includes bonds of **Rs.34,352 million** (previous year Rs. 32,821 million) permitted for transfer/trading by Reserve Bank of India. Balance can be transferred/ traded subject to prior approval of Reserve Bank of India.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

	31.03.2006	Rs. million <u>31.03.2005</u>
Schedule 10		
INVENTORIES		
(Valuation as per Accounting Policy No. 9)		
Components and spares	12,966	11,956
Loose tools	42	41
Coal	7,476	3,115
Fuel Oil	905	831
Naphtha	690	645
Chemicals & consumables	769	677
Others	980	874
Steel Scrap	76	59
	23,904	18,198
Less: Provision for shortages	25	24
Provision for obsolete/ unserviceable items	200	172
Total	23,679	18,002
Inventories include stores in transit	676	694
Includes Rs.267 million share of jointly controlled entities		
Schedule 11		
SUNDRY DEBTORS		
Debts outstanding over six months		
Unsecured, considered good	927	8,120
Considered doubtful	8,363	8,360
	9,290	16,480
Other debts		
Unsecured, considered good	8,798	6,553
Considered doubtful	-	-
	8,798	6,553
	18,088	23,033
Less: Provision for bad & doubtful debts	8,363	8,360
Total	9,725	14,673
Includes Rs.654 million share of jointly controlled entities		

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 12

CASH & BANK BALANCES

	31.03.2006	Rs. million 31.03.2005
Cash on hand (includes cheques, drafts, stamps on hand of Rs.158 million , previous year Rs.1,594 million)	162	1,597
Remittances in transit	13	50
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	308
Balances with scheduled banks (a)		
Current Account (b)	1,387	2,363
Term Deposit Account (c) (d)	84,146	57,605
Balance with other banks		
Call Deposit Account	59	60
West Merchant Bank Limited, London (maximum amount outstanding at any time during the year Rs.60 million , previous year Rs.60 million)		
Total	86,075	61,983

Includes **Rs.865 million** share of jointly controlled entities

(a) Includes **Rs. 1,00,007/-** (previous year Rs. 4,32,570) in respect of Development Surcharge.

(b) Includes **Rs.44 million** of Unclaimed Dividend (previous year Rs. 37 million).

(c) **Rs.14 million** (previous year Rs. 11 million) deposited as security with Government authorities/as per court orders.

(d) Includes **Rs.Nil** as balance of unutilised monies raised by issue of shares (previous year Rs.11,316 million).

Schedule 13

OTHER CURRENT ASSETS

Interest accrued :		
Bonds	8,615	8,640
Development surcharge investment	6	58
Government of India Dated Securities	153	137
Term Deposits	1,306	834
Others	106	65
Other Recoverables	43	68
Total	10,229	9,802

Includes **Rs.66 million** share of jointly controlled entities



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 14

LOANS AND ADVANCES

LOANS

Employees (including accrued interest)

Secured

4,591

4,711

Unsecured, considered good

1,065

1,088

Considered doubtful

1

1

Government of India (for transfer of transmission systems)

Unsecured, considered good

403

722

Loan to State Government in settlement of dues from customers

Unsecured, considered good

9,573

9,573

Others

Secured

500

500

Unsecured, considered good

4

206

ADVANCES

(recoverable in cash or kind for value to be received)

Contractors & suppliers, including material issued on loan

Secured

6

2

Unsecured, considered good

922

556

Considered doubtful

1

3

Employees (including imprest)

Unsecured, considered good

79

69

Considered doubtful

1

1

Others

Unsecured, considered good

705

881

Considered doubtful

289

21

18,140

18,334

Claims recoverable

Unsecured, considered good

965

1,012

Considered doubtful

40

40

Less: Provision for bad and doubtful loans, advances and claims

332

66

18,813

19,320

DEPOSITS

Deposits with customs, port trust and others ^(#)

897

709

Advance tax deposit & tax deducted at source

36,158

18,772

Less: Provision

25,271

11,773

10,887

6,999

Total

30,597

27,028

196

122

^(#) Sales Tax deposited under protest with sales tax authorities

Includes **Rs.479 million** share of jointly controlled entities

Rs. million

31.03.2005

31.03.2006

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 15

CURRENT LIABILITIES

	31.03.2006	Rs. million 31.03.2005
Sundry Creditors		
For capital expenditure		
Other than Small Scale Industrial Undertakings	12,010	19,222
For goods and services		
Small Scale Industrial Undertakings	19	15
Others	13,939	12,272
Book Overdraft	140	-
Deposits, retention money from contractors and others	11,534	9,490
Less: Investments held as security	109	113
	37,533	33,886
Advances from customers and others	9,968	14,609
Investor Education and Protection Fund shall be credited by		
Unpaid matured Bonds (* Rs.2,000/-)	*	1
Interest accrued on unpaid matured deposits/bonds (*Rs.3,10,366/-)	*	1
Other liabilities	1,421	3,099
Unclaimed dividend (#)	44	37
Interest accrued but not due :		
Loans from Government of India	9	21
Foreign currency loans/bonds	362	300
Term loans in Indian currency	565	301
Bonds	1,173	967
Fixed deposits from public	77	82
Total	51,152	53,304

(#) No amount is due for payment to Investor Education and Protection Fund

Includes **Rs.1,571 million** share of jointly controlled entities



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 16

PROVISIONS

	31.03.2006	Rs. million 31.03.2005
Fringe Benefit Tax		
Additions during the year	217	-
Less: Advance tax deposited	216	-
	1	-
Proposed dividend		
As per last balance sheet	10,013	10,940
Additions during the year	6,683	10,013
Amounts used during the year	10,013	10,940
	6,683	10,013
Tax on proposed dividend		
As per last balance sheet	1,408	1,402
Additions during the year	937	1,408
Amounts used during the year	1,408	1,402
	937	1,408
Retirement benefits		
As per last balance sheet	3,871	3,196
Additions during the year	1,097	1,096
Amounts used during the year	191	421
	4,777	3,871
Tariff adjustment		
As per last balance sheet	-	286
Additions during the year	-	-
Amounts reversed during the year	-	286
	-	-
Others		
As per last balance sheet	26	24
Additions during the year	1	6
Amounts used during the year	3	3
Amounts reversed during the year	-	1
	24	26
Total	12,422	15,318

Includes **Rs.108 million** share of jointly controlled entities

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 17

CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts in respect of:

	31.03.2006	Rs. million 31.03.2005
Capital Works	7,157	7,084
Land compensation cases	3,166	5,508
Others	6,904	5,803
Disputed Income Tax demand *	11,269	11
Disputed Sales Tax demand	189	197
Letters of Credit other than for capital expenditure	2,951	1,008
Others	32	58
Total	31,668	19,669

* Possible reimbursement **Rs.6,662 million** (Previous year Nil).

Includes **Rs.6 million** share of jointly controlled entities

Schedule 18

SALES

	Current Year	Previous Year
Energy Sales (including Electricity Duty)	270,932	237,082
Less : Advance Against Depreciation deferred	1,505	1,791
Add: Revenue recognised out of Advance Against Depreciation	471	8
	269,898	235,299
Consultancy, project management and supervision fees (including turnkey construction projects)	1,621	1,439
Total	271,519	236,738

Includes **Rs.4,646 million** share of jointly controlled entities

Schedule 19

PROVISIONS WRITTEN BACK

Doubtful debts	-	5,927
Doubtful claims and advances	5	5
Doubtful construction advances	1	3
Adjustment in Tariff	-	286
Shortages in construction stores	2	1
Shortages in stores	9	9
Obsolescence in stores	6	2
Others	-	3
Total	23	6,236

Includes **Rs.Nil** share of jointly controlled entities





NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 20

OTHER INCOME

	Current Year	Previous Year
Rs. million		
Income from Long Term Investments		
Trade		
Dividend from Joint Ventures	118	113
Interest (Gross)		
Government Securities (8.5% tax free bonds issued by the State Government)	16,877	13,949
Other Bonds (Tax deducted at source Rs.161 million , previous year Rs.195 million)	700	843
Non -Trade		
Interest from Government of India Securities, Gross	618	156
Less: Amortisation of premium	413	-
	<u>205</u>	<u>156</u>
Income from Current Investments (Non-Trade)		
Interest from Government of India Securities (Gross) (Tax deducted at source Nil)	14	6
Income on redemption of Government of India Securities	1,399	37
Income from Others		
Interest (Gross) (Tax deducted at source Rs. 1,165 million , previous Rs. 83 million)		
Loan to State Government in settlement of dues from customers	814	595
Public Deposit Account with Government of India	-	3,573
Indian banks	4,839	1,097
Foreign banks	3	2
Employees' loans	239	260
Others	107	153
Interest on Income Tax refunds	1,151	-
Less: Refundable to customers	1,151	-
	<u>-</u>	<u>-</u>
Surcharge on late payment from customers	384	2,460
Hire charges for equipment	14	24
Profit on sale of fixed assets	41	37
Miscellaneous income	1,158	1,485
	<u>26,912</u>	<u>24,790</u>
Less: Income transferred to Incidental expenditure during construction-Schedule 26	668	1,062
Total	<u><u>26,244</u></u>	<u><u>23,728</u></u>
Includes Rs.82 million share of jointly controlled entities		

Schedule 21

EMPLOYEES' REMUNERATION AND BENEFITS

Employees' remuneration and benefits		
Salaries, wages, bonus, allowances & benefits	8,842	7,795
Contribution to provident and other funds	1,012	879
Welfare expenses	1,849	1,758
	<u>11,703</u>	<u>10,432</u>
Less: Adjusted in fuel cost	522	205
Transferred to Development of Coal Mines	12	-
Transferred to incidental expenditure during construction - Schedule 26	1,205	1,145
Total	<u><u>9,964</u></u>	<u><u>9,082</u></u>
Includes Rs.179 million share of jointly controlled entities		

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 22

GENERATION, ADMINISTRATION & OTHER EXPENSES

Rs. million

	Current Year	Previous Year
Power charges	560	438
Less: Recovered from contractors/employees	71	72
	489	366
Water charges	590	477
Stores consumed	213	187
Rent	128	94
Less: Recoveries	60	48
	68	46
Repairs & Maintenance		
Buildings	571	573
Plant & Machinery		
Power station	7,236	6,431
Construction equipment	8	20
	7,244	6,451
Others	280	285
Insurance	593	774
Rates and taxes	136	170
Water Cess & Environment Protection Cess	257	252
Training & Recruitment expenses	311	264
Less: Fees for training and application	23	25
	288	239
Communication expenses	205	178
Travelling Expenses	970	847
Tender expenses	85	72
Less: Receipt from sale of tenders	10	10
	75	62
Payment to Auditors	20	10
Advertisement and publicity	70	58
Security expenses	1,023	907
Entertainment expenses	77	59
Expenses for guest house	58	51
Less: Recoveries	10	9
	48	42
Education expenses	113	120
Brokerage & commission	7	9
Donations	4	97
Community development and welfare expenses	167	72
Less: Grants-in-aid	7	-
	160	72
Ash utilisation & marketing expenses	67	79
Less: Sale of ash products	1	9
	66	70
Books and periodicals	31	31
Professional charges and consultancy fees	250	189
Legal Expenses	35	89
EDP hire and other charges	70	69
Printing and stationery	78	78
Miscellaneous expenses	595	539
Stores written off	2	3
Claims/Advances written off	-	2
Deferred revenue expenditure written off	6	16
Survey & Investigation expenses written off	31	18
Loss on disposal/write-off of fixed assets	96	199
Loss on maturity of current Investments	6	-
	14,767	13,584
Less: Adjusted in cost of fuel	782	409
Transferred to Development of Coal Mines	19	-
Expenses transferred to incidental expenditure during construction - Schedule 26	818	678
Total	13,148	12,497
Stores consumption included in repairs and maintenance	4,453	3,870
Includes Rs.368 million share of jointly controlled entities		



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 23

PROVISIONS

	Current Year	Rs. million Previous Year
Doubtful debts	3	-
Doubtful advances and claims	292	30
Doubtful advances for construction	9	-
Shortage in stores	10	7
Obsolescence in stores	34	27
Shortage in construction stores	3	2
Unserviceable CWIP	6	4
Others	1	5
Total	358	75

Includes **Rs.1 million** share of jointly controlled entities

Schedule 24

INTEREST AND FINANCE CHARGES

Interest on :

Bonds	3,301	2,814
Loans from Government of India	54	99
Foreign Currency Term Loans	1,155	1,282
Rupee Term loans	6,778	5,069
Public deposits	131	378
Foreign currency Bonds/ Notes	694	624
Others	130	159
Exchange difference regarded as adjustment to interest cost	(2,469)	(568)
	9,774	9,857

Finance Charges :

Bonds servicing & public deposit expenses	18	13
Guarantee Fee	405	443
Management/Arrangers' fee	-	85
Commitment charges/ Exposure premium	99	1,069
Rebate under Scheme for Settlement of SEB dues	8,047	6,813
Rebate to customers	4,368	3,981
Reimbursement of L.C. Charges on Sales Realisation	57	13
Bank Charges	13	12
Bond Issue Expenses	2	5
Exchange differences	123	9
Eurobonds/ Foreign currency notes issue expenses	98	-
Others	59	32
	13,289	12,475
	23,063	22,332

Less: Interest and Finance charges capitalised by transfer to incidental expenditure during construction - Schedule 26

Total **5,221** **5,113**

Includes **Rs 125 million** share of jointly controlled entities **17,842** **17,219**

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 25

PRIOR PERIOD INCOME/EXPENDITURE (NET)

	Current Year	Rs. million Previous Year
INCOME		
Sales	35	1,080
Others	4	22
	<u>39</u>	<u>1,102</u>
EXPENDITURE		
Salary, wages, bonus, allowances & benefits	3	(8)
Repairs and Maintenance	86	20
Depreciation	171	305
Interest	2,197	888
Advertisement and publicity	-	1
Professional consultancy charges	-	12
Rates & Taxes	64	(1)
Insurance	(6)	-
Power Charges	-	(27)
Rent	12	-
Fuel	-	(201)
Others	34	14
	<u>2,561</u>	<u>1,003</u>
	2,522	(99)
Less: Incidental expenditure during construction - Schedule 26	34	3
Total	<u>2,488</u>	<u>(102)</u>

Includes Rs.Nil share of jointly controlled entities





NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

**Schedule 26
INCIDENTAL EXPENDITURE DURING CONSTRUCTION**

	Current Year	Previous Year
Rs. million		
A. Employees remuneration and other benefits		
Salaries, wages, allowances and benefits	914	894
Contribution to provident and other funds	115	87
Welfare expenses	176	164
Total (A)	1,205	1,145
B. Other Expenses		
Power	166	104
Less: Recovered from contractors	13	10
	153	94
Water Charges	3	-
Rent	30	20
Repairs & maintenance		
Buildings	27	49
Construction equipment	1	11
Others	39	31
	67	91
Insurance	29	4
Rates and taxes	17	30
Communication expenses	33	28
Travelling expenses	146	126
Tender expenses	24	27
Less: Income from sale of tenders	-	2
	24	25
Remuneration to Auditors	2	2
Advertisement and publicity	14	12
Security expenses	90	63
Entertainment expenses	13	1
Guest house expenses	5	3
Education expenses	-	1
Books and periodicals	3	4
Community development expenses	7	4
Professional charges and consultancy fee	33	37
Legal expenses	4	3
EDP Hire and other charges	9	9
Printing and stationery	11	10
Miscellaneous expenses	125	111
Total (B)	818	678
Depreciation (C)	122	108
Total (A+B+C)	2,145	1,931

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

Schedule 26
INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	Current Year	Previous Year
		Rs. million
D. Interest and Finance Charges Capitalised		
Interest on		
Bonds	865	650
Foreign Currency Term Loans	67	2
Rupee Term loans	3,520	2,738
Foreign Currency Bonds/Notes issue expenses	396	520
Finance Charges		
Guarantee Fee	-	1,069
Commitment Charges	11	-
Management fee / arrangers fees	88	85
Exchange Differences	118	-
Foreign Currency Bonds/Notes issue expenses	98	-
Others	58	49
Total (D)	5,221	5,113
E. Less Other Income		
Interest from		
Indian Banks	296	290
Employees	21	21
Government of India Securities out of unutilised monies raised by issue of shares	532	156
Less:- Amortisation of premium	368	-
	164	156
Others	56	330
Hire Charges	8	6
Sale of scrap	1	-
Miscellaneous income	122	259
TOTAL (E)	668	1,062
F. Prior Period Adjustments	34	3
G. Income/Fringe Benefit Tax	288	-
GRAND TOTAL (A+B+C+D-E+F+G)	7,020	5,985

Includes Rs.419 million share of jointly controlled entities



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

SCHEDULE 27

NOTES ON ACCOUNTS

1. The name of the Company has changed from "National Thermal Power Corporation Limited" to "NTPC Limited" with effect from 28th October, 2005.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements relate to NTPC Ltd. (The Company), its Subsidiaries and interest in Joint Ventures.

a) Basis of Accounting:

- i) The financial statements of the subsidiary companies in the consolidation are drawn up to the same reporting date as of the company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standards (AS) 21 - 'Consolidated Financial Statements' and (AS) 27 - 'Financial Reporting of Interest in Joint Ventures' issued by the Institute of Chartered Accountants of India and generally accepted accounting principles.

b) Principles of consolidation:

The consolidated financial statements have been prepared as per the following principles:

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.
- iv) The difference between the cost of investment in the joint venture and the share of net assets at the time of acquisition of shares in the joint venture is identified in the financial statements as goodwill or capital reserve as the case may be.

2.2 The Subsidiary and Joint Venture companies considered in the financial statements are as follows:

Name of the Company	Proportion (%) of Shareholding as on	
	31.3.2006	31.3.2005
Subsidiary Companies:		
NTPC Electric Supply Company Ltd.	100	100
NTPC Hydro Ltd.	100	100
Pipavav Power Development Company Ltd.	100	100
NTPC Vidyut Vyapar Nigam Ltd.	100	100
Joint Venture Companies:		
Utility Powertech Ltd.	50	50
NTPC -Alstom Power Services Private Ltd.	50	50
PTC India Ltd.	08	08
NTPC-SAIL Power Company Private Ltd.	50	50
Bhilai Electric Supply Company Private Ltd.	50	50
NTPC-Tamilnadu Energy Company Ltd.	50	50
Ratanagari Gas & Power Private Limited*	28.33	Nil

* Shareholders' agreement is under execution
All the above Companies are incorporated in India

2.3 Joint venture operations: During the year the Company alongwith M/s Geopetrol International Inc. and M/s Canoro Resources Ltd., has participated in bidding under the Government of India New Exploration Licensing Policy-V for exploration and production of oil and gas and has been allotted Block AA-ONN-2003/2 in the State of Arunachal Pradesh. The Company together with other consortium members entered into a Production Sharing Contract with the Government of India. The Company is a non-operator and has 40% share in expenses, income, assets and liabilities with a minimum work programme commitment of **Rs.621 million** (previous year Nil) as per the Production Sharing Contract.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

The Company's share of assets and liabilities as at 31st March 2006 and expenditure for the period ended on that date in respect of the above joint venture operations has been accounted for based on unaudited statement of accounts submitted by the operator.

	Rs. Million
Expenses	∅
Fixed Assets (# Rs.32,117)	#
Other Assets (* Rs.61,180)	*
Current Liabilities	∅

3. a) The conveyancing of the title to **5,665** acres of freehold land of value **Rs. 2,571 million** (previous year 7,157 acres, value Rs. 3,126 million) and execution of lease agreements for **6,873** acres of value **Rs.849 million** (previous year 6,940 acres, value Rs.733 million) in favour of the Company are awaiting completion of legal formalities.
- b) Land shown in the books does not include cost of **1,148** acres (previous year 1,148 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities. Land includes **345 acres** of value **Rs. 28 million** (previous year 345 acres value Rs.28 million) not in possession of the Company.
- c) Land includes amount of **Rs. 1,206 million** (previous year Rs.1,128 million) deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.
- d) The cost of Right of Use of land for laying pipelines amounting to **Rs.13 million** (previous year Rs.7 million) is included under intangible assets
- e) At Pipavav Power Development Company Ltd.:
 - (i) Pursuant to Presidential directive received under Articles of Association of the Company, the Company had paid a sum of Rs. 60.50 million for acquisition of 212 hectares of land in Amreli District of Gujarat to M/s Gujarat Power Corporation Ltd. (GPCL). The payment was made by the Company on behalf of Pipavav Power Development Company Limited and accordingly it has been shown as advance to GPCL. The land is yet to be transferred in the name of the Company.
 - (ii) GPCL has given No Objection Certificate to Revenue Deptt. of Govt. of Gujarat for transfer of 3.68 hectare of land (out of 212 hectare) to Railways for laying new railway line between Rajula and Pipavav port. An amount of Rs.1.08 million has since been received by GPCL from Western Railways. Cost of 3.68 hectares of land transferred to Railways and received by GPCL shall be recovered from GPCL once the net cost of the land is determined as per the joint venture agreement to be executed between NTPC Ltd, GPCL and Gujrat Urja Vikas Nigam Ltd. or its associates.
4. a) The Central Electricity Regulatory Commission (CERC) has notified by regulations in March 2004, the terms and conditions for determination of tariff applicable with effect from 1st April 2004 for a period of five years. Pending final determination of tariff for the period 1st April 2004 onwards, CERC has directed by notification that on provisional basis, the annual fixed charges as applicable on 31st March 2004 shall be billed at target availability and variable charges based on norms of operation notified in Regulation, 2004. The amount billed for the year on this basis is **Rs. 268,301 million** (previous year Rs.230,663 million). Since the amount billed is subject to adjustment with effect from 1st April 2004, pending final determination of the tariff by CERC, sales amounting to **Rs. 257,179 million** (previous year Rs.221,380 million) for the year have been provisionally recognised on the basis of principles enunciated by the CERC in Regulations, 2004.
Further, Rs. 603 million pertaining to previous year has been recognised in Sales due to revision in the amounts provisionally billed based on orders of the CERC/Appellate Tribunal for Electricity.
- b) CERC has issued orders in December 2000 with respect to the tariff norms, principles and Availability Based Tariff (ABT). The company filed an appeal against the orders of CERC before the Delhi High Court which has since been transferred to the Appellate Tribunal for Electricity. Pending disposal of the appeal, CERC has notified by regulations, the terms and conditions for determination of tariff, effective from 1st April, 2001 to 31st March 2004. CERC issued final tariff orders based on above regulations in respect of all the stations up to 31st March 2004 except for Rihand STPS Stage-I. During the year in respect of Rihand STPS Stage-I, an amount of **Rs. 101 million** has been accounted for in sales (reduction of Rs.39 million in the previous year) in line with above regulations and principles followed in the final tariff orders issued for other stations of the company.
In case of stations for which final tariff orders have been issued by the CERC for the period up to 31st March, 2004, sales for the said period amounting to **Rs. 2,282 million** (previous year Rs.2768 million) has been accounted for during the year.
Based on the orders of CERC admitting the additional capital expenditure for some of the stations for the period 2001-04 and the principles enunciated therein, **Rs. 536 million** (previous year Rs.474 million) has been provisionally accounted as sales during the year which is to be billed on issuance of station specific Tariff orders by CERC.
5. Depreciation has been charged at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated in accounting policy no.10.2.1. The Government of India in January 2006 notified the Tariff Policy under the provisions of the Electricity Act, 2003 which provides that the rates of depreciation notified by the CERC would be applicable for the purpose of tariffs as well as accounting. Subsequent to the notification of the Tariff Policy, CERC has not notified the rates of depreciation. The Company has been advised that the Tariff Policy cannot override the provisions of the Companies Act, 1956 and it is required to follow Schedule XIV of the Companies Act, 1956 in the absence of any specific deviation contained in the Electricity Act, 2003 which could be said to have been saved by Sec.616 of the Companies Act, 1956. The Company has also been advised that there is no such provision in the Electricity Act, 2003 either prescribing the rates of depreciation for the generating company or otherwise empowering any authority for providing depreciation rates for accounting purposes in supercession of the provisions of Companies Act, 1956.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

6. Due to uncertainty of realisation in the absence of sanction by the GOI, the company's share of net annual profits of Badarpur Thermal Power Station for the years 1986-87 to 2004-05 amounting to **Rs.1,155 million** (previous year Rs.1,174 million) being balance receivable in terms of the management contract with the GOI has not been recognised.
7. CERC notification dated 26th March 2001 in respect of tariff norms for the period 2001-04 directed to collect Development Surcharge from beneficiaries. Subsequently, CERC vide its order dated 9th November 2004 directed that the amount collected and invested in instruments corresponding to the amount contributed by each of the state utilities with interest shall be transferred in the name of concerned utility at the latter's expense. The company paid/adjusted the same as per CERC directions and the outstanding balance to be transferred as on 31st March is as under:

(Rs. Million)

Sl. No.	Description of the Account	Schedule No.	31.03.06	31.03.05
1	Investment in different tax-free bonds	9	193	2,367
2	Bank balance in Current Account	12	*	**
3	Interest accrued on Sl. No. 1	13	6	59
	Total		199	2,426

* Rs.1,00,007/- **Rs.4,32,570/-

8. Pursuant to the Government of India Scheme for Settlement of Dues of State Electricity Boards (Scheme), Governments of Jharkhand and Bihar issued notifications during December 2005 for issue of 8.5% Tax-Free special bonds with effect from 1st October 2001 for Rs.3,378 million and Rs.4,277 million respectively towards outstanding dues. Accordingly, Investment of Rs. 7,655 million, interest income on the bonds amounting to Rs.2,928 million, rebate of Rs.1,198 million payable to State Electricity Boards/Successor Entities under the Scheme have been recognised, including Rs.2,278 million towards interest and Rs.892 million towards Rebate pertaining to the period upto 31st March 2005.
9. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **Rs.6,070 million** (previous Year Rs.6,070 million) of Tanda Power Station of UP State Electricity Board (UPSEB) were handed over to the Company free from all encumbrances. However, the charge created by UPSEB in favour of Life Insurance Corporation of India (LIC) before the assets were taken over is still to be vacated by LIC.
10. The Company has provided Rs.3,401 million in the previous years in respect of amounts reimbursable to Government of India (GOI) in terms of Public notice No.38 dated 5th November 1999 and Public Notice No.42 dated 10th October 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for Talcher Super Thermal Power Project Stage-II based upon the details provided by the contractors. During the year Rs.2,678 million was paid on receipt of procedural details from the GOI for depositing the amount. The balance provision has been revised to Rs.91million on the basis of additional information received from the contractors, and the difference of Rs.632 million was adjusted against the related assets. No interest has been provided on the reimbursable amounts as there is no stipulation for payment of interest in the public notices cited above.
11. The Company has raised Rs.26,840 million through public issue of shares in 2004-05. The entire proceeds of the issue, net of issue expenses, were utilised for part financing the capital expenditure on the specified projects.
12. Out of Rs.109 million accounted as recoverable from the Government of India (GOI) towards its share of expenses for the initial public issue of shares made in the previous year, the GOI has approved payment of Rs.56 million. Consequently, an amount of Rs.53 million has been adjusted against the Share Premium Account.
13. a) Balances shown under advances, creditors and material lying with contractors/ fabricators and material issued on loan in so far as these have since not been realised/ discharged or adjusted are subject to confirmation/reconciliation and consequential adjustment, if any.
b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
14. Effects of change in Accounting Policies:
 - a) Exchange differences on foreign currency loans contracted before 1st April, 2000 for acquisition of fixed assets within India were hitherto adjusted in the carrying cost of related fixed assets. In line with the opinion received from the Institute of Chartered Accountants of India during the year, the Company has treated such exchange differences to the extent regarded as adjustment to interest cost as 'borrowing costs' w.e.f. 1st April, 2000. Consequently, during the current year there has been decrease in Interest and Finance charges by **Rs.1,364 million**, increase in Depreciation by **Rs.166 million**, Prior period adjustment of **Rs.1,986 million** and decrease in the Profit by **Rs.788 million**.
 - b) In pursuance of Accounting policy no.8.3, **Rs.413 million** has been amortised during the year out of the premium paid on long term investments which was hitherto not being done. As a result profit for the year is lower by **Rs.45 million** and Capital Work-In-Progress is higher by **Rs.368 million**.
 - c) Expenses by way of repairs and maintenance, depreciation, employee cost and insurance charges relating to the coal handling system used for bringing coal to its present location and condition at the power stations have been considered for valuation of the coal during the year which was hitherto not being done. The total expenses incurred under these items during the year are **Rs.1,090 million**. Due to inclusion of the above expenses, the closing stock of coal and profit for the year is more by **Rs.82 million**.

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

15. The effect of foreign exchange fluctuation during the year is as under :
- The amount of exchange differences (net) credited to the Profit & Loss Account is **Rs. 2 million** (previous year credit, Rs.6 million).
 - The amount of exchange differences debited to the carrying amount of fixed assets and Capital Work-in-Progress is **Rs.317 million** (previous year credit, Rs.145 million).
16. Revenue Grants recognised during the year in respect of expenditure incurred in the previous years amount to **Rs.1 million** (previous year 'Nil')
17. Borrowing costs capitalised during the year are **Rs. 5,095 million** (previous year Rs.5,113 million).
18. Segment information:
- Business Segments:**
Principal business of the Company, its subsidiaries & Joint Ventures is generation and sale of bulk power to SEBs/State utilities. Other business includes providing consultancy, project management and supervision, maintenance services, Power trading and distribution of bulk power, oil and gas exploration and coal mining.
 - Segment Revenue and Expense:**
Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.
 - Segment Assets and Liabilities:**
Segment assets include all operating assets in respective segments comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

Rs. Million

	Business Segments				Total	
	Generation		Others		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Revenue :						
Sale of Energy/Consultancy, Project Management and Supervision fees	261,626	226,009*	7,955	8,904	269,581	234,913
Internal Consumption of Electricity	276	248	-	-	276	248
Total	261,902	226,257	7,955	8,904	269,857	235,161
Segment Result	46,029	49,589#	378	358	46,407	49,947
Unallocated Corporate Interest and Other Income					24,679	19,958
Unallocated Corporate expenses, interest and finance charges					10,576	8,830
Income Taxes (Net)					2,102	2,789
Profit after Tax					58,408	58,286
Other information						
Segment assets	269,684	262,083	1,970	1,637	271,654	263,720
Unallocated Corporate and other assets					471,171	399,411
Total assets					742,825	663,131
Segment liabilities	38,516	38,327	1,490	1,110	40,006	39,437
Unallocated Corporate and other liabilities					248,365	202,244
Total liabilities					288,371	241,681
Depreciation	20,549	19,675	5	4	20,554	19,679
Non-cash expenses other than Depreciation	358	67	-	-	358	67
Capital Expenditure	92,027	55,548	36	7	92,063	55,555

* includes **Rs.3,522 Million** (previous year Rs.3,689 million) for Sales related to earlier years.

Segment result would have been **Rs. 42,507 million** (previous year Rs. 45,898 million) without including the Sales related to earlier years.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

d) The operation of the Company, its subsidiaries and its Joint Ventures are mainly carried out within the country and therefore, geographical segments are inapplicable.

19. Related party disclosures

a) Related parties:

i) List of joint ventures:

Utility Powertech Limited, NTPC-Alstom Power Services Private Ltd., PTC India Ltd.

ii) Key Management Personnel:

Shri C.P. Jain	Superannuated on 31 st March 2006
Shri T. Sankaralingam	
Shri K.K.Sinha	Resigned w.e.f 27 th June 2005
Shri P. Narasimhamulu	Superannuated on 31 st July 2005
Shri Chandan Roy	
Shri R.S.Sharma	
Shri R.K. Jain	W.e.f 5 th May 2005
Shri A.K.Singhal	W.e.f 1 st Aug 2005
Shri G.K.Agarwal	
Shri S.Trivedi	
Shri K.Prakasa Rao	
Dr. Joy I.Cheenath	W.e.f. 1 st May 2005
Smt Vijayalaxmi Joshi	W.e.f 24 th July 2005
Shri Shyam Wadhera	

b) Transactions with the related parties at a (i) above are as follows :

(Rs. Million)

Particulars	Current Year	Previous Year
Contracts for Works/ Services for services received by the company		
• Transactions during the year	945	854
• Amount recoverable from related parties	42	6
• Amount payable to related parties	185	142
Contracts for Works/ Services for services provided by the company		
• Transactions during the year	15	10
• Amount recoverable from related parties	3	2
Dividend Received	28	21
Deputation of Employees		
• Transactions during the year	11	7
• Amount recoverable from the related parties	2	1

c) Remuneration to key management personnel is **Rs. 13 million** (previous year Rs. 8 million) and amount of dues outstanding to the company as on 31st March 2006 are **Rs.1 million** (previous year Rs.1 million).

20. Disclosure regarding Leases:

a) Finance Leases:

The Company has taken on lease certain vehicles and has the option to purchase the vehicles as per terms of the lease agreements, details of which are as under:

Rs. million

	31.03.2006	31.03.2005
a) Outstanding balance of minimum lease payments		
• Not later than one year	4	4
• Later than one year and not later than five years	6	9
Total	10	13
b) Present value of (a) above		
• Not later than one year	4	3
• Later than one year and not later than five years	5	8
Total	9	11
c) Finance Charges	1	2

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

b) Operating leases :

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include **Rs. 189 million** (previous year Rs. 163 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 22 – Generation, Administration and other expenses. Miscellaneous income in Schedule 20 – Other Income, includes **Rs.1 million** (previous year Rs.1 million) towards sub-lease payments received/recoverable.

21. Earnings Per Share:

The elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after Tax used as numerator (Rs. Million)	58,408	58,286
Weighted Average number of equity shares used as denominator	8,245,464,400	7,997,576,085
Earning Per Share (Basic and Diluted) Rupees	7.08	7.29
Face value per share (Rupees)	10/-	10/-

22. i) Current Tax:

(Rs.Million)

	31.03.2006	31.03.2005
Current Tax for the year	13,599	10,472
Less: Written back from earlier years	446	332
Less: Recoverable	10,787	7,358
Net current tax debited to Profit & Loss Account	2,366	2,782

ii) Deferred Tax:

	31.03.06	31.03.2005
Deferred Tax Liability		
i) Difference of Book depreciation and Tax depreciation	62,914	57,410
ii) Others	-	1
	62,914	57,411
Less: Deferred Tax Assets		
i) Provisions disallowed for tax purposes	9,338	5,279
ii) Disallowed u/s 43B of the Income Tax Act,1961	97	1,341
	9,435	6,620
Deferred Tax Liability (Net)	53,479	50,791

The net increase in the deferred tax liability of **Rs. 2,688 million** (Previous year decrease Rs. 1,658) has been debited to Profit and Loss Account. Out of the same amount **Rs. 2,680 million** (Previous year decrease Rs. 1665 million) is recoverable from customers.

23. Research and Development expenditure charged to revenue during the year is **Rs. 58 million** (Previous year Rs. 42 million).

24. As required by Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

25. i) During the year the Company reviewed the disclosure of contingent liabilities keeping in view the provisions of AS-29 'Provisions, Contingent Liabilities and Contingent Assets' issued by the Institute of Chartered Accountants of India as under:

- As on 31st March, 2006 the estimated financial effect of claims for enhanced compensation for land pending before courts disclosed as contingent liability is based on judgment of the management, opinion of independent experts or experience of similar transactions. Such claims hitherto were disclosed based on the amounts claimed by the land losers, except to the extent the possibility of a liability was considered remote.
- As on 31st March, 2006 the estimated financial effect of claims for interest on amounts disputed, delayed payments etc. is based on the rate of interest claimed or 18%, whichever is lower, unless otherwise provided in any statute, agreement, order etc. Such claims were hitherto disclosed based on the rates demanded by the claimants.

Consequently, contingent liabilities as at 31st March, 2006 are lower by **Rs.3,595 million**.

ii) The outflow on account of the claims against the company not acknowledged as debts, and tax disputes is contingent upon the decision of the courts/ other authorities and may differ from the amounts disclosed as contingent liability on the basis of estimates.



NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

26. Foreign currency exposure not hedged by a derivative instrument or otherwise:

Sl.No	Particulars	Currencies	Amount Rs. Million	
			31.03.2006	31.03.2005
a)	Borrowings, including interest accrued but not due thereon.	USD	36,977	20,348
		JPY	28,574	32,303
		Others	896	1,390
b)	Sundry creditors/deposits and retention monies	USD	4,729	3,450
		EURO	826	131
		Others	537	597
c)	Sundry debtor and Bank balances	GBP	59	60
		USD	6	-
d)	Unexecuted amount of contracts remaining to be executed	USD	44,044	51,185
		EURO	5,531	5,477
		Others	1,187	1,175

27. The pre-commissioning expenses during the year amounting to **Rs. 1,312 million** (previous year Rs 1,191 million) have been included in Fixed Assets/ Capital work-in-progress after adjustment of pre-commissioning sales of **Rs. 727 million** (previous year Rs. 583 million) resulting in a net pre-commissioning expenditure of **Rs. 585 million** (previous year Rs.608 million)
28. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs. 143,379 million**, (previous year Rs. 154,848 million) which includes an amount of **Rs. 7,762 million** (previous year Rs.6,708 million) in respect of Jointly Controlled Entities.
29. For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.
30. Previous year figures have been regrouped/rearranged wherever necessary

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(T.SANKARALINGAM)
Chairman & Managing Director

As per our report of even date

For Kalani & Co.
Chartered Accountants
(Vikas Gupta)
Partner
M No. 77076

For Amit Ray & Co.
Chartered Accountants
(Pradeep Mukherjee)
Partner
M No 70693

For Umamaheswara Rao & Co.
Chartered Accountants
(G. Sivaramakrishna Prasad)
Partner
M No. 24860

For S.N. Nanda & Co.
Chartered Accountants
(Bhavna Nanda)
Partner
M No 95275

For T.R. Chadha & Co.
Chartered Accountants
(Sanjay Gupta)
Partner
M No 87563

Place : New Delhi
Dated : 31st May 2006

NTPC LIMITED CONSOLIDATED FINANCIAL STATEMENTS (FORMERLY NATIONAL THERMAL POWER CORPORATION LTD.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	Current Year	Previous Year
Rs. Million		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Prior Period Adjustments	62998	60973
Adjustment for:		
Depreciation	20710	19824
Provisions	358	75
Deferred revenue on account of Advance Against Depreciation	1034	1783
Interest charges	12243	10425
Guarantee Fee & other Finance charges	504	1597
Interest/Income on Bonds/Investment	(19195)	(14991)
Prior Period Adjustments (Net)	(2488)	102
Dividend Income	(118)	(113)
Provisions Written Back	(23)	(6236)
Deffered Revenue Expenditure Written off	6	16
Others (Bonds issue and Servicing Expenses)	118	18
Loss on maturity of current Investment	6	-
	13155	12500
Operating Profit before Working Capital Changes	76153	73473
Adjustment for:		
Trade and Other Receivables	(2710)	(2969)
Inventories	(4602)	99
Trade Payables and Other Liabilities	635	(16169)
Loans and Advances	(1614)	3154
Other Current Assets	(436)	(392)
	(8727)	(16277)
Cash generated from operations	67426	57196
Direct Taxes Paid	(9671)	(13009)
Income Tax Recoverable	5282	7358
Net Cash from Operating Activities - A	63037	51545
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(92818)	(54565)
Investment in Goodwill	(750)	-
Purchase of Investments	(45959)	(34219)
Sale of Investment	71643	-
Development Surcharge Account	-	(1358)
Interest/Income on Bonds/Investment Received	19637	25453
Dividend Received	118	119
Net cash used in Investing Activities - B	(48129)	(64570)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share capital (Including Premium)	-	26841
Proceeds from Long Term Borrowings	69402	30328
Repayment of Long Term Borrowings	(17632)	(13579)
Interest Paid	(11728)	(10438)
Guarantee Fee & other Finance charges Paid	(504)	(1597)
Dividend Paid	(26514)	(20835)
Tax on Dividend	(3722)	(2694)
Others (Equity /Bonds issue & Servicing Expenses)	(118)	(304)
Net Cash flow from Financing Activities - C	9184	7722
Net Increase/Decrease in Cash and Cash equivalents (A+B+C+D)	24092	(5303)
Cash and cash equivalents (Opening balance) *	61983	67286
Cash and cash equivalents (Closing balance) *	86075	61983

NOTES : Cash and Cash Equivalents consists of Cash in Hand, Balance with Banks, Public Deposit Account and interest accrued thereon Previous year figures have been regrouped/rearranged wherever necessary.

* Includes Rs.14 million deposited as security with Government Authorities as per court orders.

For and on behalf of the Board of Directors

(A.K.RASTOGI)
Company Secretary

(A.K.SINGHAL)
Director (Finance)

(T.SANKARALINGAM)
Chairman & Managing Director

As per our report of even date

For Kalani & Co.
Chartered Accountants

For Amit Ray & Co.
Chartered Accountants

For Umamaheswara Rao & Co.
Chartered Accountants

(Vikas Gupta)
Partner
M No. 77076

(Pradeep Mukherjee)
Partner
M No 70693

(G. Sivaramakrishna Prasad)
Partner
M No. 24860

For S.N. Nanda & Co.
Chartered Accountants

For T.R. Chadha & Co.
Chartered Accountants

(Bhavna Nanda)
Partner
M No 95275

(Sanjay Gupta)
Partner
M No 87563

Place : New Delhi
Dated : 31st May 2006



AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NTPC LIMITED (formerly National Thermal Power Corporation Ltd.), ITS SUBSIDIARIES AND JOINT VENTURES.

1. We have audited the attached Consolidated Balance Sheet of **NTPC LIMITED** (formerly National Thermal Power Corporation Limited) (the Company), its Subsidiaries and Joint Ventures (NTPC Group) as at 31st March 2006 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Company's following Subsidiaries and Joint Ventures which have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(Rs. Million)

Name	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries:			
NTPC Electric Supply Company Ltd.	325	92	100
NTPC Hydro Ltd.	43	-	2
Pipavav Power Development Company Ltd.	61	-	-
NTPC Vidyut Vyapar Nigam Ltd.	581	4,442	88
Joint Ventures:			
Utility Powertech Ltd.	383	739	19
NTPC-Alstom Power Services Pvt. Ltd.	409	364	(7)
PTC India Ltd.	313	2,496	39
NTPC-SAIL Power Company Pvt. Ltd.	2,066	658	(67)
Bhilai Electric Supply Company Pvt. Ltd.	2,881	288	(349)
NTPC-Tamilnadu Energy Company Ltd.	2	-	-
Ratnagiri Gas & Power Pvt. Ltd.*	24,991	2	336

*Shareholders Agreement is under execution.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.
5. We draw attention to:
 - (i) Note no. 4 of Schedule 27 to the financial statements in respect of accounting of sales on provisional basis pending final determination of tariff by Central Electricity Regulatory Commission.
 - (ii) Note no. 6 of Schedule 27 to the financial statements in respect of share of net annual profit of Badarpur Thermal Power Station amounting to Rs.1,155 million relating to earlier years not recognized as revenue.
6. Further to our comments in para 5 above, we report that on the basis of our audit, the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the NTPC group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
 - i) in case of Consolidated Balance Sheet, of the state of affairs of the NTPC Group as at 31st March, 2006;
 - ii) in case of Consolidated Profit & Loss Account, of the profit for the year ended on that date; and
 - iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

As per our report of even date

For Kalani & Co.
Chartered Accountants
(Vikas Gupta)
Partner
M No. 77076

For Amit Ray & Co.
Chartered Accountants
(Pradeep Mukherjee)
Partner
M No 70693

For Umamaheswara Rao & Co.
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(G. Sivaramakrishna Prasad)
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Chartered Accountants
(Bhavna Nanda)
Partner
M No 95275

For T.R. Chadha & Co.
Chartered Accountants
(Sanjay Gupta)
Partner
M No 87563

Place : New Delhi
Dated : 31st May 2006