



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.

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 relatable 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. FOREIGN CURRENCY TRANSACTIONS

- 4.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 4.2 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.
- 4.3 Exchange differences in respect of loans/deposits/liabilities relating to Fixed Assets/Capital Work-in-Progress, arising out of transactions entered prior to 01.04.2004, are adjusted in the carrying cost of related items. Exchange differences to the extent regarded as an adjustment to interest costs for the loans contracted on or after 1.04.2000 are treated as borrowing costs.
- 4.4 Exchange differences in respect of loans/deposits/liabilities relating to Fixed Assets/Capital Work-in-Progress acquired from a country outside India, arising out of transactions entered on or after 01.04.2004, are adjusted in the carrying cost of related items.
- 4.5 Other exchange differences are recognized as income or expense in the period in which they arise.

5. 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.

6. INVESTMENTS

- 6.1 Current Investments are valued at lower of cost and fair value.

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

7. INVENTORIES

7.1 Inventories, other than scrap, are valued at cost, on weighted average basis. Stores-in-transit are valued at cost.

7.2 Steel scrap is valued at realizable value. Other scrap is considered at nil value and accounted for on realization.

7.3 Losses towards unserviceable and obsolete stores and spares identified on review of inventories are provided for in the accounts.

8. PROFIT AND LOSS ACCOUNT

8.1 INCOME RECOGNITION

8.1.1 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.

8.1.2 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.

8.1.3 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.

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

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

8.1.6.1 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.

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

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

8.1.8 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.

8.2 EXPENDITURE

8.2.1 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 %

8.2.2 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.

8.2.3 Assets costing up to Rs.5000/- are fully depreciated in the year of capitalization.

8.2.4 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.



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- 8.2.5 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.
- 8.2.6 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.
- 8.2.7 Capital expenditure referred to in Para 2.3 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.
- 8.2.8 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.
- 8.2.9.1 Expenses on training, recruitment and ex-gratia payments under voluntary Retirement Scheme are charged to revenue in the year of incurrence.
- 8.2.9.2 Research and development expenses, other than fixed assets, are charged to revenue in the year of incurrence.
- 8.2.9.3 Preliminary expenses on account of new projects incurred prior to approval of feasibility report are charged to revenue in the year of incurrence.
- 8.2.10 Expenditure on Leave Travel Concession to employees is recognized in the year of availment due to uncertainties in accrual.
- 8.2.11 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.
- 8.2.12 Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- 8.2.13 Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- 8.2.14 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.

9. RETIREMENT BENEFITS

- 9.1 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.
- 9.2 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.

10. FINANCE LEASES

- 10.1 Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower.
- 10.2 Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per Accounting Policy 8.2.1. 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.
- 10.3 Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

BALANCE SHEET AS AT 31st MARCH 2005

	SCHEDULE NO.	Rs. Million 31.03.2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Capital	1	82,455
Reserves and surplus	2	<u>335,621</u>
		418,076
Deferred Revenue on account of Advance Against Depreciation	3	<u>3,374</u>
LOAN FUNDS		
Secured loans	4	46,408
Unsecured loans	5	<u>126,619</u>
		173,027
Deferred Tax Liability (Net)		<u>50,791</u>
Less: Recoverable		<u>50,759</u>
		<u>32</u>
TOTAL		<u>594,509</u>
APPLICATION OF FUNDS		
GOODWILL ON CONSOLIDATION		
		6
FIXED ASSETS		
Gross Block	6	433,767
Less: Depreciation		<u>208,779</u>
Net Block		224,988
Capital Work-in-Progress	7	67,157
Construction stores and advances	8	<u>32,960</u>
		325,105
INVESTMENTS		
	9	<u>206,565</u>
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	10	17,960
Sundry debtors	11	14,673
Cash and bank balances	12	61,983
Other current assets	13	9,752
Loans and advances	14	<u>27,087</u>
		131,455
LESS: CURRENT LIABILITIES AND PROVISIONS		
Liabilities	15	53,304
Provisions	16	<u>15,318</u>
		68,622
Net current assets		<u>62,833</u>
TOTAL		<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. Bajpaie) Company Secretary	(P. Narasimharamulu) Director (Finance)	(C.P. Jain) Chairman & Managing Director
As per our report of even date		
For Kalani & Co. Chartered Accountants (K.L. Jhanwar) Partner M. No. 14080	For Amit Ray & Co. Chartered Accountants (Pradeep Mukherjee) Partner M. No. 70693	For Umamaheswara Rao & Co. Chartered Accountants (G. Sivarama Krishna Prasad) Partner M. No. 24860
For S.N. Nanda & Co. Chartered Accountants (Gaurav Nanda) Partner M. No. 500417	For T.R. Chadha & Co. Chartered Accountants (Sanjay Gupta) Partner M. No. 87563	

Place : New Delhi
 Dated : 13th June, 2005



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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

	SCHEDULE NO.	Rs. Million <u>Current</u> <u>Year</u>
INCOME		
Sales	18	234,913
Energy internally consumed		248
Provisions written back	19	6,236
Other income	20	23,774
Total		265,171
EXPENDITURE		
Fuel		137,248
Electricity purchased		7,303
Cost of material and services		899
Employees' remuneration and benefits	21	9,099
Generation, Administration & other expenses	22	12,531
Depreciation		19,824
Provisions	23	75
Interest and finance charges	24	17,219
Total		204,198
Profit before Tax and Prior Period Adjustments		60,973
Prior Period income/ expenditure (net)	25	(102)
Profit before tax		61,075
Current tax		2,782
Profit after current tax		58,293
Deferred tax		7
Profit of the Group after tax		58,286
Balance brought forward		726
Write back from Bond Redemption Reserve		17
Write back from Foreign Project Reserve		2
Balance available for appropriation		59,031
Transfer to Bonds Redemption Reserve		2,351
Transfer to Capital Reserve		22
Transfer to General Reserve		33,022
Dividend		
- Interim		9,895
- Proposed		10,013
Tax on Interim Dividend		1,292
Tax on Proposed Dividend		1,408
Balance carried to Balance Sheet		1,028
Incidental expenditure during construction	27	
Earning Per Share (Equity shares, face value Rs.10/- each) - Basic and Diluted		7.29

Total Income includes **Rs.3,649 Million** share of jointly controlled entities.
Total Expenditure includes **Rs.3,412 Million** share of Jointly controlled entities

For and on behalf of the Board of Directors

(A. K. Bajpaie)
Company Secretary

(P. Narasimharamulu)
Director (Finance)

(C.P. Jain)
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

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

(Pradeep Mukherjee)
Partner
M. No. 70693

(G. Sivarama Krishna Prasad)
Partner
M. No. 24860

For S.N. Nanda & Co.
Chartered Accountants

For T.R. Chadha & Co.
Chartered Accountants

(Gaurav Nanda)
Partner
M. No. 500417

(Sanjay Gupta)
Partner
M. No. 87563

Place : New Delhi
Dated : 13th June, 2005

National Thermal Power Corporation Limited Consolidated Financial Statements

	Rs. million
Schedule 1	
CAPITAL	31.03.2005
AUTHORISED	
10,000,000,000 equity shares of Rs.10/- each	<u>100,000</u>
ISSUED, SUBSCRIBED AND PAID-UP	
8,245,464,400 equity shares of Rs.10/- each fully paid-up	<u>82,455</u>
Schedule 2	
RESERVES AND SURPLUS	
Capital Reserve	
As per last Balance Sheet	1,259
Add : Additions during the year	22
Less : Adjustments during the year	2
	<u>1,279</u>
Share Premium Account	
As per last Balance Sheet	26
Add : Additions during the year	22,511
Less : Adjustment of share issue expenses during the year	177
	<u>22,360</u>
Bonds Redemption Reserve	
As per last Balance Sheet	4,071
Add : Transfer from Profit and Loss Account	2,351
Less : Write back during the year	17
	<u>6,405</u>
Foreign Project Reserve	4
Less : Write back during the year	2
	<u>2</u>
General Reserve	
As per last Balance Sheet	271,525
Add : Transfer from Profit and Loss Account	33,022
	<u>304,547</u>
Surplus, balance in Profit & Loss Account	1,028
Total	<u><u>335,621</u></u>
Schedule 3	
DEFERRED REVENUE - on account of	
Advance Against Depreciation	
As per last Balance Sheet	1,591
Add: Revenue deferred during the year	1,791
Less: Revenue recognised during the year	8
	<u>3,374</u>

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Schedule 4

SECURED LOANS

Rs. million

31.03.2005

Cash credit from scheduled banks (secured by the hypothecation of Stock & Book Debts of BHILAI Electric Supply Company Private Limited.)

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 6th year in annual instalments thereafter upto the end of 10th year respectively from 5th September, 2001 (Twelfth Issue - Private Placement) ¹

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 6th year and upto the end of 15th year from 18th April, 2002 (Thirteenth Issue -Part A - Private Placement) ²

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 6th year and in annual instalments thereafter upto the end of 15th year resepectively from 30th April, 2002 (Thirteenth Issue - Part B - Private Placement) ²

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 4th and 5th year respectively from 1st August, 2002 (Fourteenth issue - Private Placement) ²

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 28th September 2004 (Fifteenth Issue - Part C - Private Placement) ²

77

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

1,000

8.48% Secured Non-Cumulative Non-Convertible Redeemable Taxable Bonds of Rs. 10,00,000/- each redeemable at par on 1st May, 2023 (Seventeenth Issue - Private Placement) ³

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 6th and in annual instalments thereafter upto the end of 10th year respectively from 15th September 2003 (Eighteenth Issue - Private Placement) ⁴

5,000

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

500

Loans and Advances from Banks

Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year **Rs.1,633 Million**)⁶

12,319

Rupee Term Loans (Due for repayment within one year **Rs. 247 Million**)⁷

1,453

Other Loans and Advances

Rupee Term loans (Due for repayment within one year **Nil**) ⁷

500

Assets taken on lease (Due for repayment within one year **Rs. 3 Million**)

11

TOTAL

46,408

Includes **Rs.2,000 Million** share of jointly controlled entities

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 National Thermal Power Corporation 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 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 of 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 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.
6. 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.
7. Secured by (I) Equitable mortgage/hypothecation of all the present and future fixed assets and movable assets of Bhilai Captive Power Plant II, Bhilai Expansion Project and Registered Office at New Delhi., (II) Equitable mortgage/hypothecation/ ranking pari-passu of all present and future fixed and movable assets of Durgapur and Rourkela Captive Power Plants and Corporate Office, Delhi.

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Schedule 5

UNSECURED LOANS

Rs. million

31.03.2005

Fixed Deposits

4,159

(Due for repayment within one year **Rs. 3,337 Million**)

Bonds

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) ¹

5,000

5.5% Eurobonds due for repayment on 10th March 2011

8,814

Other Loans and Advances

From Banks and Financial Institutions

Foreign Currency Term Loans (Guaranteed by Government of India)

24,723

(Due for repayment within one year **Rs. NIL**)

Other Foreign Currency Term Loans

7,885

(Due for repayment within one year **Rs.1,667 Million**)

Rupee Term Loans (Due for repayment within one year **Rs.7,618 Million**)

75,339

From Others

Loan from Government of India (Due for repayment within one year **Rs. 315 Million**)

551

Others (Due for repayment within one year **Nil**)

148

TOTAL

126,619

Includes **Rs. 148 Million** share of jointly controlled entities

1 Since secured by registered equitable mortgage by deposit of title deeds of land pertaining to Ramagundam Super Thermal Power Station of National Thermal Power Corporation Limited.

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Schedule 6

FIXED ASSETS

Rs. million

	Gross Block				Depreciation				Net Block
	As at 1.04.2004	Additions	Deductions/ Adjustments	As at 31.03.2005	As at 1.04.2004	For the Year	Deductions/ Adjustments	Upto 31.03.2005	As at 31.03.2005
Land :									
(including development)									
Freehold	9,327	240	(410)	9,977	-	-	-	-	9,977
Leasehold	1,412	447	-	1,859	230	49	-	279	1,580
Right of Use	-	6	(1)	7	-	-	-	-	7
Roads, bridges, culverts & helipads	3,273	364	5	3,632	545	66	1	610	3,022
Building :									
Main plant	15,851	755	103	16,503	7,496	527	3	8,020	8,483
Others	14,556	600	(16)	15,172	3,429	394	(1)	3,824	11,348
Temporary erection	176	12	(1)	189	154	31	-	185	4
Water Supply drainage & sewerage	4,931	55	20	4,966	983	249	1	1,231	3,735
MGR track and signalling system	6,290	42	(12)	6,344	3,966	267	1	4,232	2,112
Railway Siding	2,343	3	(25)	2,371	446	114	1	559	1,812
Earth Dam Reservoir	1,533	-	52	1,481	199	71	1	269	1,212
Plant and machinery	333,782	26,240	(893)	360,915	164,910	18,110	32	182,988	177,927
Furniture, fixtures & other office equipment	2,920	223	(2)	3,145	1,951	124	(6)	2,081	1,064
EDP, WP machines and SATCOM equipment	1,988	217	9	2,196	1,458	153	19	1,592	604
Vehicles including speedboats	104	3	9	98	86	3	8	81	17
Construction equipment	830	125	4	951	549	45	10	584	367
Electrical Installations	1,724	63	(17)	1,804	825	75	-	900	904
Communication Equipments	561	43	13	591	311	19	9	321	270
Hospital Equipments	184	14	3	195	113	7	2	118	77
Laboratory and workshop equipments	122	3	1	124	92	3	-	95	29
Leased assets - Vehicles	4	10	-	14	1	2	-	3	11
Intangible Assets - Software	50	47	-	97	16	33	(1)	50	47
Capital expenditure on assets not owned by the Company	944	132	(29)	1,105	602	155	-	757	348
Unserviceable/Obsolete assets at net book value or net realisable value whichever is less	12	-	(19)	31	-	-	-	-	31
Assets of Government	26	2	-	28	-	-	-	-	28
Less: Grants from Government	26	2	-	28	-	-	-	-	28
Total	402,917	29,644	(1,206)	433,767	188,362	20,497	80	208,779	224,988

Net Fixed Assets includes Rs.1,835 Million share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 7

CAPITAL WORK-IN-PROGRESS

Rs. million

	As at		Deductions &		As at
	1.04.2004	Additions	Adjustments	Capitalised	31.03.2005
Development of land	498	937	82	99	1,254
Roads, bridges, culverts & helipads	358	185	26	364	153
Piling and foundation	77	951	-	-	1,028
Buildings :					
Main plant	2,658	1,734	669	755	2,968
Others	588	1,176	151	591	1,022
Temporary erection	1	11	(2)	11	3
Water supply, drainage and sewerage system	31	63	(11)	54	51
Hydraulic works, Barrages, Dams, Tunnels, and Power Channel	2,199	1,800	(6)	-	4,005
MGR track and signalling system	28	61	-	41	48
Railway siding	24	27	33	3	15
Earth dam reservoir	-	136	-	-	136
Plant and machinery :					
On own account	145	406	100	145	306
On supply-cum-erection contract	48,278	31,265	(680)	25,904	54,319
Furniture, fixtures and other office equipment	14	35	(40)	78	11
EDP/WP Machines & SATCOM equipment	16	24	8	18	14
Electrical installations	50	149	14	60	125
Communication equipment	25	17	-	23	19
Intangible assets - software	1	6	1	2	4
Capital expenditure on assets not owned by the company	121	191	3	131	178
	<u>55,112</u>	<u>39,174</u>	<u>348</u>	<u>28,279</u>	<u>65,659</u>
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	508	126	150	-	484
Difference in exchange on foreign Loans	(136)	(166)	(304)	-	2
Expenditure towards diversion of forest land	790	92	-	-	882
Pre-commissioning expenses (net)	36	607	445	-	198
Incidental expenditure during construction	264	5,985	136	-	6,113
Less: Allocated to Capital Work-in-Progress	-	6,032	(26)	-	6,058
	<u>56,574</u>	<u>39,786</u>	<u>801</u>	<u>28,279</u>	<u>67,280</u>
Less: Provision for unserviceable CWIP	120	4	1	-	123
Total	<u>56,454</u>	<u>39,782</u>	<u>800</u>	<u>28,279</u>	<u>67,157</u>

Includes **Rs.92 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 8

CONSTRUCTION STORES AND ADVANCES

Rs. million

	<u>31.3.2005</u>
CONSTRUCTION STORES *	
(At cost)	
Steel	3,465
Cement	96
Others	<u>7,024</u>
	10,585
Less: Provision for shortages	<u>19</u>
	<u>10,566</u>
ADVANCES FOR CAPITAL EXPENDITURE	
Secured	93
Unsecured, considered good	
Covered by bank guarantees	18,023
Others	4,278
Considered doubtful	<u>53</u>
	22,447
Less: Provision for bad & doubtful advances	<u>53</u>
	<u>22,394</u>
Total	<u><u>32,960</u></u>
* includes material in transit, under inspection and with contractors	7,455
Includes Rs.738 Million share of jointly controlled entities	

National Thermal Power Corporation Limited Consolidated Financial Statements

**Schedule 9
INVESTMENTS**

Rs. million

31.03.2005

	Number of shares/bonds/ securities	Face value per share/bond/ Security (Rs)	
	Current Year		
I. LONG TERM (Trade - unless otherwise specified)			
A) Quoted			
a) Government of India Dated Securities (Non-Trade)	45500000	100	5102
(Balance of unutilised monies raised by issue of shares)			
b) Trust Securities			
6.60% UTI - ARS NCB Tax Free 2009 Bonds (b)	2171332	100	230
6.75% UTI - NCB Tax Free Bonds (UTI), 2008 (b)	110481	100	11
c) Bonds			
7.75% IRFC Non Taxable Bonds (Series XXVII), 2011 (b)	135	1000000	160
8.50% Housing and Urban Development Corporation Limited (HUDCO) Gujrat Punar Nirman Tax Free Bonds Series 1A, 2007 (b)	177	500000	98
10.40% Power Finance Corporation Ltd. Unsecured Tax Free Bonds 1998 (Series I), 2008 (b)	872	100000	105
Nuclear Power Corporation of India Ltd. 4.75 % Secured Non Convertible Bonds (LOA), Series XXIV, 2019 (b)	7	1000000	7
Nuclear Power Corporation of India Ltd. 10.40 % Tax Free Secured Non Convertible Bonds, Series XI A2, 2007 (b)	1771	100000	198
Nuclear Power Corporation of India Ltd. 10.50% Tax Free Secured Redeemable Non Convertible Bonds, Series XII (LOA), 2013 (b)	138	100000	15
9.50% National Textile Corporation Limited Tax Free Non Convertible Bonds, 2006 (b)	3436	100000	377
NABARD - 5.00%, Unsecured, Non-Convertible Tax-Free Bonds, 2008 - Series IV G (b)	15597	10000	158
Nuclear Power Corporation of India Ltd. Bonds - 8.25 % Tax Free Secured Redeemable NCB SR -18 (LOA), 20.2.2016 (b)	1561	100000	172
Nuclear Power Corporation of India Ltd. Bonds - 8.20% Tax Free Secured Redeemable NCB SR -18 (LOA), 20.2.2012 (b)	1113	100000	119
5.15 % Non Priority Sector Tax-Free Housing and Urban Development Corporation Limited (HUDCO) Bonds Series XXXIV, 31.03.2014 (b)	286	1000000	286
Sub Total (A)			7038
B) Unquoted			
a) Bonds			
i) 8.50 % Tax-Free State Government Special Bonds of the Government of (a)			
Andhra Pradesh	12606500	1,000	12,607
Assam	514640	1,000	515
Bihar	14666600	1,000	14,667
Chattisgarh	4832200	1,000	4,832
Gujarat	8372400	1,000	8,372
Haryana	10750000	1,000	10,750
Himachal Pradesh	333880	1,000	334
Jammu and Kashmir	3673600	1,000	3,674
Karnataka	1966100	1,000	1,966
Kerala	10024000	1,000	10,024
Madhya Pradesh	8308400	1,000	8,308
Maharashtra	3814000	1,000	3,814

National Thermal Power Corporation Limited Consolidated Financial Statements

	Number of shares/bonds/ securities	Face value per share/bond/ Security (Rs)	Rs. million 31.03.2005
	Current Year		
Orissa	11028740	1,000	11,029
Punjab	3462300	1,000	3,462
Rajasthan	2900000	1,000	2,900
Sikkim	341960	1,000	342
Tamil Nadu	4650660	1,000	4,651
Uttar Pradesh	39899000	1,000	39,899
Uttaranchal	3996500	1,000	3,996
West Bengal	11742480	1,000	11,742
Jharkhand	6222716	1,000	6,223
ii) Other Bonds			
12.50 % Secured Non Convertible Redeemable Western Electricity Supply Company (WESCO) Bonds, Series - I/2000, 2007	10300	100000	1,030
12.50 % Secured Non Convertible Redeemable North Eastern Electricity Supply Company (NESCO) Bonds, Series - I/2000, 2007	16700	100000	1,670
12.50 % Secured Non convertible Redeemable Southern Electricity Supply Company (SOUTHCO) Bonds, Series - I/2000, 2007	13000	100000	1,300
10.00 % Secured Redeemable Non-Convertible Non-Cumulative Grid Corportion of Orissa (GRIDCO) Power Bonds, Series-1/2003 - 11/02, 31.03.2005	34285	100000	3,428
7.90 % Secured PSU Bonds SR -8 North Eastern Electric Power Corporation Limited (NEEPCO) Bonds, 2010 (b)	281	1000000	295
6.00 % IREDA (Tax Free) Bonds (Series X), 2013 (b)	48235	1000	51
5.50 % IREDA (Tax Free) Bonds (Series XI), 2013 (b)	38445	1000	40
8.75 % IREDA (Tax Free) Bonds (Series IX), 2008 (b)	42175	1000	46
d) Others			136
Sub Total (B)			172,103
Sub Total (I)			179,141
II. CURRENT (Non - Trade - Quoted)			
Government of India Treasury Bills	277902500	100	27,079
Government of India Dated Securities	3177320	100	323
Others (Non - Trade - Unquoted)			22
Sub Total (II)			27,424
Total (I + II)			206,565
Includes Rs. 158 Million share of jointly controlled entities			
Quoted Investments			
Book Value			34,440
Market Value			35,249
Unquoted Investments			
Book Value			172,125
During the year the following current investments were purchased and sold/realised			
Government of India Treasury Bills (at cost)			3,432
(a) Includes bonds of 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.			
(b) Development Surcharge Fund Investments			

National Thermal Power Corporation Limited Consolidated Financial Statements

Rs. million
31.03.2005



Schedule 10

INVENTORIES

(Valuation as per Accounting Policy No. 7)

Components and spares	11,921
Loose tools	41
Coal	3,115
Fuel Oil	831
Naphtha	645
Chemicals & consumables	677
Others	867
Steel scrap	59
	<u>18,156</u>
Less: Provision for shortages	24
Provision for obsolete/ unserviceable items	172
	<u>17,960</u>
	<u>694</u>

Inventories include stores in transit

Includes **Rs.183 Million** share of jointly controlled entities

Schedule 11

SUNDRY DEBTORS

Debts outstanding over six months	
Unsecured, considered good	8,120
Considered doubtful	8,360
	<u>16,480</u>
Other debts	
Unsecured, considered good	6,553
Considered doubtful	-
	<u>6,553</u>
	<u>23,033</u>
Less: Provision for bad & doubtful debts	8,360
	<u>14,673</u>

Includes **Rs. 591 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 12

CASH & BANK BALANCES

Rs. Million
31.03.2005

Cash on hand (includes cheques, drafts, stamps on hand of Rs.1,594 Million)	1,597
Remittances in transit	50
Balance with Reserve Bank of India earmarked for fixed deposits from public	308
Balances with scheduled banks (a)	
Current Account (b)	2,363
Term Deposit Account (c)(d)	57,050
Balance with other banks	
Call Deposit Account	555
West Merchant Bank Limited, London	
(maximum amount outstanding at any time during the year Rs.60 Million)	60
	61,983

Includes **Rs. 894 Million** share of jointly controlled entities

(a) Includes **Rs.432560** in respect of Development Surcharge.

(b) Includes **Rs. 37 Million** of Unclaimed Dividend.

(c) **Rs. 11 Million** deposited as security with Government authorities/as per court orders.

(d) Includes **Rs.11,316 Million** as balance of unutilised monies raised by issue of shares by NTPC Ltd.

Schedule 13

OTHER CURRENT ASSETS

Interest accrued on bonds	8,640
Interest on Government of India Dated Securities	137
Others	975
	9,752

Includes **Rs.38 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements



Schedule 14

LOANS AND ADVANCES

Rs. million
31.03.2005

LOANS

Employees (including accrued interest)	
Secured	4,743
Unsecured, considered good	1,056
Considered doubtful	2
Government of India (for transfer of transmission systems)	
Unsecured, considered good	722
Loan to State Government in settlement of dues from customers	
Unsecured, considered good	9,573
Others	
Secured	549
Unsecured, considered good	206

ADVANCES

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

Contractors & suppliers, including material issued on loan	
Secured	2
Unsecured, considered good	557
Considered doubtful	3
Employees (including imprest)	
Unsecured, considered good	69
Considered doubtful	1
Others	
Unsecured, considered good	892
Considered doubtful	27
	<u>18,402</u>

CLAIMS

Claims recoverable	
Unsecured, considered good	1,010
Considered doubtful	34
Less: Provision for bad and doubtful loans, advances and claims	67
	<u>19,379</u>

DEPOSITS

Deposits with customs, port trust and others @	709
Advance tax deposit & tax deducted at source	18,772
Less: Provision	11,773
	<u>6,999</u>
	<u>27,087</u>
@ Sales Tax deposited under protest with sales tax authorities	122

Includes **Rs.112 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 15

CURRENT LIABILITIES

Rs. million
31.03.2005

Sundry Creditors	
For capital expenditure	
Small Scale Industrial Undertakings	-
Others	12,212
For goods and services	
Small Scale Industrial Undertakings	15
Others	12,283
Deposits, retention money from contractors and others	9,500
Less: Investments held as security	113
	33,897
Advances from customers and others	14,608
Investor Education and Protection Fund shall be credited by	
Unpaid matured Bonds	1
Interest accrued on unpaid matured deposits/bonds	1
Other liabilities	3,089
Unclaimed dividend (a)	37
Interest Accrued but not due :	
Loans from Government of India	21
Foreign currency loans/bonds	300
Term loans in Indian currency	301
Bonds	967
Fixed deposits from public	82
	53,304

Includes **Rs.699 Million** share of jointly controlled entities

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

National Thermal Power Corporation Limited Consolidated Financial Statements



Schedule 16

Rs. million

PROVISIONS

31.03.2005

Proposed dividend	
As per last balance sheet	10,940
Additions during the year	10,013
Amounts used during the year	10,940
	<u>10,013</u>
Tax on proposed dividend	
As per last balance sheet	1,402
Additions during the year	1,408
Amounts used during the year	1,402
	<u>1,408</u>
Retirement benefits	
As per last balance sheet	3,196
Additions during the year	1,096
Amounts used during the year	421
	<u>3,871</u>
Tariff adjustment	
As per last balance sheet	286
Additions during the year	-
Amounts reversed during the year	286
	<u>-</u>
Others	
As per last balance sheet	24
Additions during the year	6
Amounts used during the year	3
Amounts reversed during the year	1
	<u>26</u>
	<u><u>15,318</u></u>

Includes **Rs. 154 Million** share of jointly controlled entities

Schedule 17

CONTINGENT LIABILITIES

Rs. million

31.03.2005

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

Capital works	7,084
Land compensation cases	5,508
Others	5,806*
Disputed Income Tax demand	11
Disputed Sales Tax demand	194
Letters of Credit other than for capital expenditure	1,008
Others	58
	<u>19,669</u>

(* possible reimbursements Rs. 36,702/- previous year NIL)

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

Schedule 18

SALES

Energy Sales (including Electricity Duty)	237,082
Less: Electricity Duty	1,825
Less : Advance against Depreciation deferred	1,791
Add: Revenue recognised out of Advance against Depreciation	8
	<u>233,474</u>
Consultancy, project management and supervision fees(including turnkey construction projects)	1,439
	<u>234,913</u>

Includes **Rs.3580 Million** share of jointly controlled entities

Schedule 19

PROVISIONS WRITTEN BACK

Doubtful debts	5,927
Doubtful claims and advances	5
Doubtful construction advances	3
Adjustment in Tariff	286
Shortages in construction stores	1
Shortages in stores	9
Obsolescence in stores	2
Others	3
	<u>6,236</u>

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

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 20

OTHER INCOME

Rs. million
Current Year

Income from Long Term Investments

Trade

Dividend from Joint Ventures	113
Interest (Gross)	
Government Securities (8.5% Tax Free Bonds issued by the State Governments)	13,949
Other Bonds (Tax deducted at source Rs. 195 Million)	843

Non -Trade

Interest from Government of India Securities	156
--	-----

Income from Current Investments

Interest from Government of India Securities (Non-Trade)	6
Income on redemption of Government of India Securities (Non-Trade)	37

Income from Others

Interest (Gross) (Tax deducted at source Rs.83 Million)	
Loan to State Government in settlement of dues from customers	595
Public Deposit Account with Government of India	3,573
Indian banks	1,097
Foreign banks	2
Employees' loans	260
Others	153
Surcharge on late payment from customers	2,460
Hire charges for equipment	24
Profit on sale of fixed assets	37
Miscellaneous income	1,531
	24,836
Less: Income transferred to Incidental expenditure during construction-Schedule 27 (E)	1,062
	23,774

Includes **Rs.69 Million** share of jointly controlled entities.

Schedule 21

EMPLOYEES' REMUNERATION AND BENEFITS

Employees' remuneration and benefits

Salaries, wages, bonus, allowances & benefits	7,623
Contribution to provident and other funds	866
Welfare expenses	1,755
	10,244
Less: Transferred to incidental expenditure during construction - Schedule 27 (A)	1,145
	9,099

Includes **Rs.178 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 22

GENERATION, ADMINISTRATION & OTHER EXPENSES

Rs. million

		<u>Current Year</u>
Power charges	438	
Less: Recovered from contractors/employees	<u>72</u>	
		366
Water charges		477
Stores consumed		187
Rent		92
Repairs & Maintenance		
Buildings		573
Plant & Machinery		202
Power station	5,847	
Construction equipment	<u>20</u>	
		5,867
Others		285
Insurance		749
Rates and taxes		170
Water Cess & Environment Protection Cess		252
Training & Recruitment expenses	264	
Less: Fees for training and application	<u>25</u>	
		239
Communication expenses		178
Travelling Expenses		847
Tender expenses	72	
Less: Receipt from sale of tenders	<u>10</u>	
		62
Remuneration to Auditors		10
Advertisement and publicity		60
Security expenses		907
Entertainment expenses		12
Expenses for guest house	50	
Less: Recoveries	<u>9</u>	
		41
Education expenses		120
Brokerage & commission		9
Donations		97
Community development and welfare expenses		72
Ash utilisation & marketing expenses	79	
Less: Sale of ash products	<u>9</u>	
		70
Books and periodicals		31
Professional charges and consultancy fees		189
Legal Expenses		89
EDP hire and other charges		69
Printing and stationery		78
Miscellaneous expenses		571
Stores written off		3
Claims/Advances written off		2
Deferred revenue expenditure written off		16
Survey & Investigation expenses written off		18
Loss on disposal/write-off of fixed assets		<u>199</u>
		13,209
Less: Expenses transferred to incidental expenditure during construction - Schedule 27 (B)		<u>678</u>
		<u>12,531</u>
Stores consumption included in repairs and maintenance Includes Rs.383 Million share of jointly controlled entities		<u>3,860</u>

National Thermal Power Corporation Limited Consolidated Financial Statements



Schedule 23
PROVISIONS

Rs. million

	<u>Current Year</u>
Doubtful debts	-
Doubtful advances and claims	30
Shortage in stores	7
Obsolescence in stores	27
Shortage in construction stores	2
Unserviceable CWIP	4
Others	5
	<u>75</u>

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

Schedule 24
INTEREST AND FINANCE CHARGES

Interest on :

Bonds	2,814
Loans from Government of India	99
Foreign Currency Term Loans	773
Rupee Term loans	5,069
Public deposits	378
Eurobonds	565
Others	159
	<u>9,857</u>

Finance Charges :

Bonds servicing & public deposit expenses	13
Guarantee Commission / Premium	443
Management/Arrangers' fee	85
Commitment charges/ Exposure premium	1,069
Rebate under Scheme for Settlement of SEB dues	6,813
Rebate to customers	3,981
Reimbursement of L.C.charges on Sales Realisation	13
Bank Charges	12
Bond Issue Expenses	5
Exchange differences	9
Others	32
	<u>12,475</u>
	<u>22,332</u>

Less: Interest and Finance charges capitalised by transfer to incidental expenditure during construction - Schedule 27 (D) 5,113

17,219

Includes **Rs.144 Million** share of jointly controlled entities

National Thermal Power Corporation Limited Consolidated Financial Statements

Schedule 25

Rs. million

PRIOR PERIOD INCOME/EXPENDITURE (NET)

Current Year

INCOME

Sales	1,080
Others	22
	<u>1,102</u>

EXPENDITURE

Salary, wages,bonus, allowances & benefits	(8)
Repairs and Maintenance	20
Depreciation	305
Interest	888
Advertisement and publicity	1
Professional consultancy charges	12
Rates & Taxes	(1)
Power Charges	(27)
Fuel	(201)
Others	14
	<u>1,003</u>
	(99)
Less: Incidental expenditure during construction - Schedule 27 (F)	<u>3</u>
	<u>(102)</u>

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

National Thermal Power Corporation Limited Consolidated Financial Statements



Schedule 26

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Rs. million

		<u>Current Year</u>
A. Employees remuneration and other benefits		
Salaries, wages, allowances and benefits		894
Contribution to provident and other funds		87
Welfare expenses		164
Total (A)		<u>1,145</u>
B. Other Expenses		
Power	104	
Less: Recovered from contractors	<u>10</u>	
		94
Rent		20
Repairs & maintenance		
Buildings	49	
Construction equipment	11	
Others	<u>31</u>	
		91
Insurance		4
Rates and taxes		30
Communication expenses		28
Travelling expenses		126
Tender expenses	27	
Less: Income from sale of tenders	<u>2</u>	
		25
Remuneration to Auditors		2
Advertisement and publicity		12
Security expenses		63
Entertainment expenses		1
Guest house expenses		3
Education expenses		1
Books and periodicals		4
Community development expenses		4
Professional charges and consultancy fee		37
Legal expenses		3
EDP Hire and other charges		9
Printing and stationery		10
Miscellaneous expenses		111
Total (B)		<u>678</u>
Depreciation (C)		<u>108</u>
Total (A+B+C)		<u>1,931</u>

Schedule 26

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Current Year

D. Interest and Finance Charges Capitalised

Interest on

Bonds	650
Foreign Currency Term Loans	2
Rupee Term loans	2,738
Eurobonds	520

Finance Charges

Guarantee Commission/ Premium	1,069
Management fee / Arrangers fees	85
Others	49

Total (D)

5,113

E. Less Other Income

Interest from

Indian Banks	290
Employees	21
Others	486

Hire Charges

6

Miscellaneous income

259

TOTAL (E)

1,062

Prior Period Adjustments (F)

3

GRAND TOTAL (A+B+C+D-E+F)

5,985

Includes **Rs.25 Million** share of jointly controlled entities

SCHEDULE 27

NOTES ON ACCOUNTS

1 1.1 BASIS OF CONSOLIDATION

The consolidated financial statements relate to the National Thermal Power Corporation 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.

1.2 The Subsidiary and Joint Venture companies considered in the financial statement are as follows:

Name of the Company	Proportion (%) of Shareholding as on 31 st March 2005
Subsidiary Companies:	
NTPC Electric Supply Company Ltd.	100
NTPC Hydro Ltd.	100
Pipavav Power Development Company Ltd.	100
NTPC Vidyut Vyapar Nigam Ltd.	100
Joint Venture Companies:	
Utility Powertech Ltd.	50
NTPC -Alstom Power Services Private Ltd.	50
PTC India Ltd.	08
NTPC-SAIL Power Company Private Ltd.	50
Bhilai Electric Supply Company Private Ltd.	50
NTPC-Tamilnadu Energy Company Ltd.	50

All the above Companies have been incorporated in India.

- 2 a) The conveyancing of the title to **7,157** acres of freehold land of value **Rs. 3,126 Million** and execution of lease agreements for **6,940** acres of 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 of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- c) Land includes amount of **Rs. 1,128 Million** deposited with various authorities in respect of land in possession which is subject to adjustment on final determination of price.

National Thermal Power Corporation Limited Consolidated Financial Statements

- d) Claims for enhancement of compensation for land which are pending for decisions of the courts, are disclosed as contingent liabilities, except to the extent the possibility of a liability is considered remote.
- e) The cost of Right of Use (RoU) of land for laying pipelines amounting to **Rs.7 Million** has been capitalised.
- f) At Pipavav Power Development Company Ltd.:
- (i) Pursuant to Presidential Directive received under Articles of Association of National Thermal Power Corporation Limited (NTPC), NTPC had paid a sum of Rs. 60.5 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 NTPC 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 Railway. 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.
- 3 a) Balances shown under advances, creditors and material lying with contractors/ fabricators and material issued on loan in so far as these have not been since 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.
- 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.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.221,380 Million for the year have been provisionally recognised on the basis of principles enunciated by the CERC in Regulations, 2004.
- 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. Pending disposal of the appeal, CERC has notified, by regulations, the terms and conditions for determination of tariff, effective from 1st April, 2001 up to 31st March 2004. CERC has issued final tariff orders based on above Regulations, 2001 in respect of all the stations up to 31.03.2004 except Kahalgaon STPP, Rihand STPP and Talcher STPS Stage-II (1000MW). However, in respect of Kahalgaon STPP and Rihand STPP, pending issue of orders for the tariff period 2001-04, an amount of Rs.447 Million has been adjusted to the sales on the basis of principles enunciated by the CERC in the tariff regulations, 2001 and in line with the principle followed in the final tariff orders issued for other stations of the company. In respect of Talcher STPS Stage-II (1000 MW), the sales have been recognised as per the provisional tariff orders of CERC.
- Further, in case of stations for which final tariff orders have been issued by the CERC for the period up to 31.03.2004, sales amounting to **Rs.2768 Million** has been accounted for during the year. In the previous year there was a reduction effected in sales to the extent of Rs.9034 Million relating to earlier years.
- CERC has notified the additional capital expenditure pertaining to the period 2001-04 for some of the stations. Based on the principles enunciated in the additional capital expenditure notification issued by CERC, Rs.474 Million has been provisionally accounted as sale during the year.
- Incentive/disincentive amounting to Rs.1057 Million pertaining to earlier years have been accounted as Prior Period Sales consequent upon reconciliation.
- 5 CERC by notification dated 26.03.2001 in respect of tariff norms for the period 2001-04 directed to collect development surcharge from beneficiaries and invest in the Tax Free Bonds. Accordingly, the company collected and accounted development surcharge from the year 2003-04 onwards. CERC notified through regulations in March, 2004 discontinuation of levy of development surcharge with effect from 01.04.2004.
- Further CERC vide its order dated 09.11.2004 directed that outstanding amount on account of development surcharge for the period 01.04.2001 to 31.03.2004 shall not be insisted upon and 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 yet to be transferred to the utilities as on 31.03.2005 is as under:

Sl. No.	Description of the Account	Schedule No.	(Rs./Million)
1	Investment in different tax-free bonds	9	2,367
2	Bank balance in Current Account	12	*
3	Interest accrued on Sl. No. 1	13	59
	Total		2,426

***Rs.4,32,570/-**



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- 6 The amount of long term advance to Government of National Capital Territory of Delhi has been reduced from Rs.10603 Million to Rs.9573 Million (Schedule 14), with effect from 1st October 2001 pursuant to the agreement of NTPC with Delhi Power Company Ltd. Consequently the interest on long term advance amounting to **Rs.219 Million** (Schedule 20) and rebate under Scheme for Settlement of SEB dues of **Rs.134 Million** (Schedule 24) have been adjusted during the year.
- 7 a) During the year, the company has changed its policy for amortising cost of the computer software over a period of legal right to use or three years, which ever is earlier, as against previous policy of amortising the cost of computer software over a period of three years. This has resulted in decrease in profit for the year by **Rs.1 Million**.
- b) Foreign Exchange differences arising on loans taken for the purpose of acquiring fixed assets were being adjusted in carrying cost of respective fixed assets as required by Accounting Standard 11 (1994) in "Accounting for the Effects of Changes in Foreign Exchange Rates" up to 31.03.2004. During the year, Company has considered the exchange differences on foreign currency loans contracted after 1.4.2000 for assets acquired within India as a part of borrowing cost to the extent regarded as an adjustment to interest cost in line with para 4 (e) of Accounting Standard 16 --"Borrowing Costs" for the period 01.04.2000 to 31.03.2004 considering the opinion of the Expert Advisory Committee of Institute of Chartered Accountants of India regarding applicability of transaction date for Accounting Standard 11 (1994) and Accounting Standard 11 (Revised 2003)-"The Effects of Changes in Foreign Exchange Rates" and remaining exchange difference, if any, has been accounted for as per Accounting Standard 11 (1994). Consequent upon such change, interest amounting to **Rs.855 Million** shown in schedule 25 Prior Period Income/Expenditure (Net) and corresponding adjustment to carrying cost of fixed assets amounting to **Rs.855 Million** and accumulated depreciation **Rs. 56 Million** have been adjusted. The change in accounting policies has resulted in decrease of profit for the year by **Rs.911 Million** related to prior period transactions.
- In respect of loans contracted before 01.04.2000, there is no clarity in applicability of the Standards. The matter has been referred to Institute of Chartered Accountants of India for opinion and as such no adjustment has been made of foreign exchange differences.
- In respect of loan contracted after 1.4.2004 foreign exchange difference has been treated as per Accounting Standard 11(2003) revised.
- 8 a) The method of valuation of coal has been changed during the year by the Company. Expenses by way of repairs and maintenance, depreciation, employee cost and insurance charges relating to the coal transportation system used for bringing the coal from mines to the location of the power station has been considered for valuation of the coal. The total expenses incurred under these items during the year is **Rs.1226 Million**. Due to inclusion of the above expenses in the valuation of the coal, the profit is more by **Rs.26 Million** and the closing stock of coal by **Rs.26 Million**.
- b) During the year, company has considered 100% value of capital spares as amortisable against 95%/90% in earlier years, resulting in decrease in profit for the year by **Rs. 402 Million**.
- 9 In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets for **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** for 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 on the details provided by the contractors. The GOI is yet to certify the aforesaid amount to be reimbursed by the Company and to furnish the procedural details to deposit the amount. Pending receipt of such certification and details from the GOI, no interest has been provided on the amounts to be reimbursed since there is no stipulation for payment of interest in the Public Notices cited above.
- 11 The effect of foreign exchange fluctuation during the year is as under :
- i) The amount of exchange difference (net) credited to the Profit & Loss Account is **Rs. 6 Million**.
- ii) The amount of exchange difference adjusted to the carrying amount of fixed assets and Capital Work-in-Progress is (-) **Rs. 145 Million**.
- 12 Borrowing costs capitalised during the year are **Rs. 5,113 Million**.
- 13 Segment information:
- a) 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.
- b) 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.
- c) 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.

National Thermal Power Corporation Limited Consolidated Financial Statements

Rs. Million

	Business Segments		Total Current Year
	Generation Current Year	Others Current Year	
Revenue :			
Sale of Energy/Consultancy, Project Management and Supervision fees	226,009*	8,904	234,913
Internal Consumption of Electricity	248	-	248
Total	226,257	8,904	235,161
Segment Result	49,587#	367	49,954
Unallocated Corporate Interest and Other Income	-	-	19,837
Unallocated Corporate expenses, interest and finance charges	-	-	8,716
Income Taxes (Net)	-	-	2,789
Profit after Tax	-	-	58,286
Other information			
Segment assets	263,270	1,955	265,225
Unallocated Corporate and other assets	-	-	397,906
Total assets	-	-	663,131
Segment liabilities	40,475	1,110	41,585
Unallocated Corporate and other liabilities	-	-	200,096
Total liabilities	-	-	241,681
Depreciation	19,675	4	19,679
Non-cash expenses other than Depreciation	67	-	67
Capital Expenditure	55,548	7	55,555

* includes Rs.3,689 Million for Sales related to earlier years.

Segment result would have been Rs. 45,898 Million without including the Sales related to earlier years.

d) The Company and its Joint Ventures have power stations located within the country and therefore, geographical segments are inapplicable.

14 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
 Shri K. K. Sinha
 Shri P. Narasimharamulu
 Shri T. Sankaralingam
 Shri S. L. Kapur*
 Shri R. D. Gupta**
 Shri Chandan Roy
 Shri R. S.Sharma
 Shri R. K.Jain
 Shri S. Trivedi
 Shri Shyam Wadhera

*Superannuated on 31st August 2004

**Resigned on 30th June 2004

National Thermal Power Corporation Limited Consolidated Financial Statements

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

(Rs/Million)

Particulars	Current Year
Contracts for Works/ Services for services received by the Company	
Transactions during the period	854
Amount recoverable from related parties	6
Amount payable to related parties	142
Contracts for Works/ Services for services provided by the company	
Transactions during the period	10
Amount recoverable from related parties	2
Contribution towards equity	-
Deputation of Employees	
Transactions during the period	7
Amount recoverable from the related parties	1

c) Remuneration to key management personnel is **Rs. 8 Million** and amount of dues outstanding to the company as on 31st March 2005 are **Rs. 1 Million**.

15 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:

	As at 31 st March 2005 (Rs/Million)
a) Outstanding balance of minimum lease payments	
• Not later than one year	4
• Later than one year and not later than five years	9
Total	13
b) Present value of (a) above	
• Not later than one year	3
• Later than one year and not later than five years	8
Total	11
c) Finance Charges	2

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. 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 houses/transit camps are shown as Rent in Schedule 22 – Generation, Administration and other expenses. Miscellaneous income in Schedule 20 – Other Income, include **Rs.47 Million** towards sub-lease payments received/recoverable.

16 Earnings Per Share:

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

	Current Year
Net Profit after Tax used as numerator (Rs. Million)	58286
Weighted Average number of equity shares used as denominator	7,997,576,085
Earning Per Share (Rupees) - Basic and Diluted	7.29
Face value per share (Rupees)	10/-

National Thermal Power Corporation Limited Consolidated Financial Statements

17	i) Current Tax:	(Rs. Million)
		31.3.2005
	Current Tax for the year	10,472
	Less: Written back from earlier years	332
	Less: Recoverable	7,358
	Net current tax debited to Profit & Loss Account	2,782
	ii) Deferred Tax:	
	Deferred Tax Liability	
	i) Difference of Book depreciation and Tax depreciation	57,410
	ii) Others	1
		57,411
	Less: Deferred Tax Assets	
	i) Provisions disallowed for tax purposes	5,279
	ii) Disallowed u/s 43B of the Income Tax Act, 1961	1,341
		6,620
	Deferred Tax Liability (Net)	50,791
	Less: Deferred Tax Liability as on 31.3.2004	52,449
	The net decrease credited to Profit & Loss Account	1,658
	Less : Refundable	1,665
	Net Deferred Tax debited to Profit & Loss Account	7

- 18 Research and Development expenditure charged to revenue during the year is **Rs. 42 Million**.
- 19 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.
- 20 During the year, the company made initial public issue of 865,830,000 equity shares of Rs10/- each for cash at a price of Rs.62 per share including premium of Rs. 52 per share consisting of fresh issue of 432,915,000 equity shares by the company including reservation of 20,615,000 equity shares for its employees and offer for sale of 432,915,000 equity shares by the President of India acting through Ministry of Power, Government of India aggregating to **Rs 53,681 Million** including premium. The company retained **Rs 26,840 Million** as its share of the issue proceeds including share premium of **Rs 22,512 Million** and the sale proceeds of the equity of Government of India amounting to **Rs 26,841 Million** was paid to the Ministry of Power, Government of India. Out of the proceeds, a sum of **Rs.10,422 Million** has been utilised during the year for part financing the capital expenditure on the projects specified for utilisation and balance amount has been invested in different instruments as per the investment policy of the company.
- 21 Government of India's share in the issue expenses amounting to **Rs.109 Million** has been accounted for as "Amount Recoverable from Government of India against IPO" and included under the head claims (Schedule 14) as per the claim submitted by the company to Government of India. The balance amount of issue expenses **Rs.177 Million** has been adjusted against Share Premium Account (Schedule-2).
- 22 The pre-commissioning expenses during the year amounting to **Rs. 1,191 Million** have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs. 583 Million** resulting in a net pre-commissioning expenditure of **Rs. 608 Million**.
- 23 Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs. 154,848 Million**, which includes an amount of Rs.6708 Million in respect of Jointly Controlled Entities.
- 24 For certain items, the Company and its Joint Ventures have followed different accounting policies. However, impact of the same is not material.
- 25 The company is preparing the Consolidated Financial Statements for the first time. In line with the transitional provision of Accounting Standard (AS) 21-"Consolidated Financial Statements", comparative figures for the previous period have not been given.

For and on behalf of the Board of Directors

A. K. Bajpaie
Company Secretary

P. Narasimharamulu
Director (Finance)

C. P. Jain
Chairman & Managing Director

As per our report of even date

For Kalani & Co.,
Chartered Accountants
(K.L. Jhanwar)
Partner
M. No. 14080

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

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

For S.N.Nanda & Co.,
Chartered Accountants
(Gaurav Nanda)
Partner
M. No. 500417

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

Place : New Delhi
Dated : 13th June 2005



National Thermal Power Corporation Limited Consolidated Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

	Rs. Million
	<u>Current Year</u>
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax and Prior Period Adjustments	60,973
Adjustment for:	
Depreciation	20,378
Provisions	75
Deferred revenue on account of Advance Against Depreciation	1,783
Interest charges	9,857
Guarantee Commission & other Finance charges	1,597
Interest/Income on Bonds/Investment	(14,991)
Prior Period Adjustments (Net)	102
Dividend Income	(113)
Provisions Written Back	(6,236)
Deffered Revenue Expenditure Written off	16
Others (Bonds issue and Servicing Expenses)	18
	<u>12,486</u>
Operating Profit before Working Capital Changes	73,459
Adjustment for:	
Trade and Other Receivables	(2,969)
Inventories	(413)
Trade Payables and Other Liabilities	(16,179)
Loans and Advances	3,213
Other Current Assets	(442)
	<u>(16,790)</u>
Cash generated from operations	56,669
Direct Taxes Paid	(13,009)
Income Tax Recoverable	7,358
Net Cash from Operating Activities - A	51,018
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(54,606)
Purchase of Investments	(34,219)
Development Surcharge Account	(1,358)
Interest/Income on Bonds/Investment Received	25,453
Dividend Received	119
Net cash used in Investing Activities - B	(64,611)
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of Share capital (Including Premium)	26,841
Proceeds from Long Term Borrowings	30,328
Repayment of Long Term Borrowings	(13,579)
Interest Paid	(9,870)
Guarantee Commission & other Finance charges Paid	(1,597)
Dividend Paid	(20,835)
Tax on Dividend	(2,694)
Others (Equity /Bonds issue& Servicing Expenses)	(304)
Net Cash flow from Financing Activities - C	8,290
Net Increase/Decrease in Cash and Cash equivalents (A+B+C+D)	(5,303)
Cash and cash equivalents(Opening balance) *	67,286
Cash and cash equivalents(Closing balance) *	61,983

NOTES : Cash and Cash Equivalents consists of Cash in Hand, Balance with Banks, Public Deposit Account and interest accrued thereon

* Includes Rs. 11 Million deposited as security with Government Authorities as per court orders.

A. K. Bajpaie Company Secretary	For and on behalf of the Board of Directors P. Narasimhamulu Director (Finance)	C. P. Jain Chairman & Managing Director
For Kalani & Co., Chartered Accountants (K.L. Jhanwar) Partner M. No. 14080	As per our report of even date For Amit Ray & Co., Chartered Accountants (Pradeep Mukherjee) Partner M. No. 70693	For Umamaheswara Rao & Co., Chartered Accountants (G.Sivarama Krishna Prasad) Partner M. No. 24860
For S.N.Nanda & Co., Chartered Accountants (Gaurav Nanda) Partner M. No. 500417	For T.R. Chadha & Co. Chartered Accountants (Sanjay Gupta) Partner M. No. 87563	

Place : New Delhi
Dated : 13th June 2005

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL THERMAL POWER CORPORATION LTD. AND ITS SUBSIDIARIES AND JOINT VENTURES.

1. We have audited the attached Consolidated Balance Sheet of NATIONAL THERMAL POWER CORPORATION LIMITED (the Company) and its Subsidiaries and Joint Ventures (NTPC Group) as at 31st March 2005 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 of the Companies	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries:			
NTPC Electric Supply Company Ltd.	163	75	68
NTPC Hydro Ltd.	5	-	-
Pipavav Power Development Company Ltd.	61	-	-
NTPC Vidyut Vyapar Nigam Ltd.	488	5,993	39
Joint Ventures:			
Utility Powertech Ltd.	261	562	(18)
NTPC-Alstom Power Services Pvt. Ltd.	408	493	51
PTC India Ltd.	237	1,630	(94)
NTPC-SAIL Power Company Pvt. Ltd.	1,872	661	(110)
Bhilai Electric Supply Company Pvt. Ltd.	1,868	303	330
NTPC-Tamilnadu Energy Company Ltd.	2	-	-

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. 3 (a) of Schedule 27 to the financial statements in respect of confirmation/reconciliation and consequential adjustment of balances shown under advances, creditors, material lying with contractors and issued on loan, and
 - (ii) 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.
6. Further to our comments in para 5 above, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit report 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, 2005;
 - 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.

For Kalani & Co.,
Chartered Accountants

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

For Amit Ray & Co.,
Chartered Accountants

(Pradeep Mukherjee)
Partner
M. No. 70693

For Umamaheswara Rao & Co.,
Chartered Accountants

(G.Sivarama Krishna Prasad)
Partner
M. No. 24860

For S.N.Nanda & Co.,
Chartered Accountants

(Gaurav Nanda)
Partner
M.No. 500417

For T.R. Chadha & Co.
Chartered Accountants

(Sanjay Gupta)
Partner
M. No. 87563

Place : New Delhi
Dated : 13th June 2005